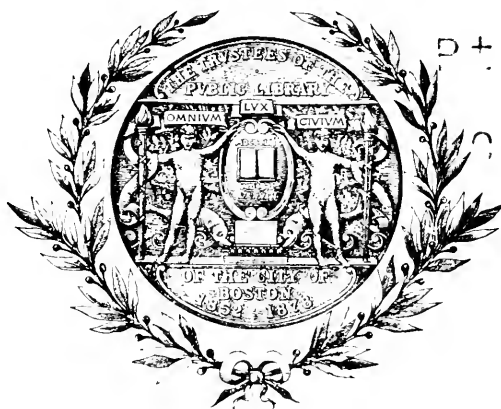


No. \*HV6775.A53



Pt. 3

Copy 2

GIVEN BY







H7c. 175-  
INVESTIGATION OF ORGANIZED  
IN INTERSTATE COMMERCE

---

HEARING

BEFORE THE

SPECIAL COMMITTEE TO INVESTIGATE  
ORGANIZED CRIME IN INTERSTATE COMMERCE  
UNITED STATES SENATE  
EIGHTY-FIRST CONGRESS

SECOND SESSION

PURSUANT TO

**S. Res. 202**

A RESOLUTION AUTHORIZING AN INVESTIGATION  
OF ORGANIZED CRIME IN INTERSTATE  
COMMERCE

---

**PART 3**

---

**BLACK MARKET OPERATIONS**

---

AUGUST 22, 1950

---

Printed for the use of the Special Committee To Investigate  
Organized Crime in Interstate Commerce



HV 6775, 253

pt. 2

• 6772

PECIAL COMMITTEE TO INVESTIGATE ORGANIZED CRIME IN  
INTERSTATE COMMERCE

ESTES KEFAUVER, Tennessee, *Chairman*

RT R. O'CONOR, Maryland

CHARLES W. TOBEY, New Hampshire

! C. HUNT, Wyoming

ALEXANDER WILEY, Wisconsin

RUDOLPH HALLEY, *Chief Counsel*

# CONTENTS

---

## Testimony of—

	Page
Betancourt, Mario, Commodity Trading Co., New York, N. Y.....	134-138
Cohen, Michael, Brooklyn, N. Y.....	50-60
Feldmann, Beatrice, New York, N. Y.....	67, 86-88
Giglio, William J., Ocean Port, N. J.....	88-114
Hausman, Arthur, accountant, Bronx, N. Y.....	99, 132-133
Ketcham, Frank S., attorney, Washington, D. C.....	26-27, 50
Lawn, Howard M., Long Branch, N. J.....	121-128
Livorsi, Frank S., Atlantic Beach, Long Island, N. Y.....	1-20
Lubben, David George, Woodcliff Lake, N. J.....	20-50, 62-63
Messel, Victor R., Washington, D. C.....	60-64
Pfeffer, Harry, Cedarhurst, Nassau County, Long Island, N. Y.....	114-121
Roth, Louis J., New York, N. Y.....	30, 64-86
Stone, Ronald, Newark, N. J.....	128-132



# INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

---

TUESDAY, AUGUST 22, 1950

UNITED STATES SENATE,  
SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED  
CRIME IN INTERSTATE COMMERCE,  
*Washington, D. C.*

The committee met, pursuant to call of the chairman, at 10:15 a. m., in room 457 Senate Office Building, Senator Estes Kefauver (chairman) presiding.

Present: Senators Kefauver, Hunt, and Tobey.

Also present: Rudolph Halley, chief counsel; Alfred Klein, assistant counsel; John F. Elich and Patrick C. Murray, investigators.

The CHAIRMAN. The committee will come to order.

This is a hearing with reference to certain black-market operations and transactions which is pursuant to the notice given by the committee that we were interested in this sort of thing and would be increasingly so in the event we again have rationing and price controls as a result of the present war emergency. We hope we can complete this hearing today.

The first witness is Mr. Frank Livorsi. Will you come around, Mr. Livorsi.

Mr. Livorsi, will you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LIVORSI. I do.

## TESTIMONY OF FRANK S. LIVORSI, ATLANTIC BEACH, LONG ISLAND, N. Y.

Mr. HALLEY. Your full name is Frank Livorsi?

Mr. LIVORSI. Yes.

Mr. HALLEY. Where do you live?

Mr. LIVORSI. 15 Fulton Avenue, Atlantic Beach, Long Island.

The CHAIRMAN. You will have to speak just a little louder, if you please.

Mr. LIVORSI. 15 Fulton Avenue, Atlantic Beach, Long Island.

Mr. HALLEY. You appeared some time ago and made a statement before this committee, is that correct?

Mr. LIVORSI. Yes.

Mr. HALLEY. You understand you are now giving sworn testimony to a committee of the United States Senate, is that right?

Mr. LIVORSI. That is right.

Mr. HALLEY. Mr. Livorsi, in 1942 I believe you were convicted for importation and transportation of narcotics, is that correct?

Mr. LIVORSI. That is right.

Mr. HALLEY. You were sentenced to serve 5 years and 21 days in the Federal Correction Institute at Milan, Mich.?

Mr. LIVORSI. That is wrong.

Mr. HALLEY. What is the fact?

Mr. LIVORSI. I was sentenced to 2 years.

Mr. HALLEY. Two years.

Mr. LIVORSI. Yes.

Mr. HALLEY. Was the original sentence 2 years?

Mr. LIVORSI. That is right.

Mr. HALLEY. Did you in fact go to jail?

Mr. LIVORSI. I didn't hear that.

Mr. HALLEY. Did you in fact go to jail?

Mr. LIVORSI. Yes.

Mr. HALLEY. When were you released from prison?

Mr. LIVORSI. Two years later, 19 months later.

Mr. HALLEY. 1944?

Mr. LIVORSI. 1942-1944, yes.

Mr. HALLEY. February?

Mr. LIVORSI. February.

Mr. HALLEY. You were placed on probation in July of 1945, is that correct?

Mr. LIVORSI. Yes.

Mr. HALLEY. Were you ever arrested on any other occasion?

Mr. LIVORSI. Yes, I have been arrested many times.

Mr. HALLEY. Would you say you were arrested as many as 10 times?

Mr. LIVORSI. Well, yes.

Mr. HALLEY. In fact, you were twice arrested for homicide with a gun, is that correct?

Mr. LIVORSI. Yes.

Mr. HALLEY. But you were never convicted except the one occasion, is that right?

Mr. LIVORSI. That is correct.

Mr. HALLEY. On your release from prison did you get a job?

Mr. LIVORSI. Yes.

Mr. HALLEY. What was your first employment?

Mr. LIVORSI. I worked in a dress factory.

Mr. HALLEY. What was the name of the factory?

Mr. LIVORSI. Treasure Frocks.

Mr. HALLEY. Who gave you that job with Treasure Frocks?

Mr. LIVORSI. Well, I got it through a man by the name of Joseph Rose. I got it through a man, Joseph Rose.

Mr. HALLEY. Joseph Rose.

Mr. LIVORSI. That is correct.

Mr. HALLEY. Was he the owner of Treasure Frocks? Was that his company?

Mr. LIVORSI. He wasn't the owner of it.

Mr. HALLEY. Was he connected with it?

Mr. LIVORSI. I don't believe he was.

Mr. HALLEY. Later in the same year did you get another position with another dress company?

Mr. LIVORSI. Yes. I got a position with a firm by the name of Eleanor Post.

Mr. HALLEY. Is Max Edler the head of Eleanor Post?

Mr. LIVORSI. He was in Eleanor Post. He was in the firm.

Mr. HALLEY. Is it not a fact that he also has been convicted of a narcotics violation?

Mr. LIVORSI. Yes, some years back.

Mr. HALLEY. Eleanor Post dealt extensively in black-market textiles, did it not, during the war?

Mr. LIVORSI. That I couldn't say.

Mr. HALLEY. Don't you know that it is right now the subject of a tax investigation?

Mr. LIVORSI. I don't know whether they sold or bought black market. I worked in the firm. I didn't do no buying or selling.

Mr. HALLEY. What was your salary from Eleanor Post in 1944?

Mr. LIVORSI. I don't remember exactly. It varied.

Mr. HALLEY. Would the figure \$4,475 be approximately right?

Mr. LIVORSI. No, I think it was more than that.

Mr. HALLEY. In 1944, not 1945.

Mr. LIVORSI. It could be. I don't remember.

The CHAIRMAN. Mr. Livorsi, you know pretty well what you were making in 1944, so just tell the committee about it and we will get along better.

Mr. LIVORSI. I am trying to answer to the best of my ability, what I can remember. I can't remember things 4 or 5 years back.

Mr. HALLEY. In 1944 you also earned some money from Treasure Frocks, about \$1,700, is that correct?

Mr. LIVORSI. I drew \$100 a week there.

Mr. HALLEY. You didn't work there very long?

Mr. LIVORSI. No. I was offered this job with Eleanor Post, and there was more money there, I know. There was more money involved in it, and that is why I went to Eleanor Post.

Mr. HALLEY. Then you went into business with Mr. Giglio, is that right?

Mr. LIVORSI. That is correct.

Mr. HALLEY. In what business did you get into with Giglio?

Mr. LIVORSI. In the manufacture of jelly.

Mr. HALLEY. Was that company called the Tavern Fruit Juice Co.?

Mr. LIVORSI. That is correct.

Mr. HALLEY. Were you connected in any way with the Bronx Home Products Co.?

Mr. LIVORSI. No.

Mr. HALLEY. That is another food sirup company, is it not, that Giglio was connected with?

Mr. LIVORSI. I don't know. I don't know nothing about the Products Co.

Mr. HALLEY. What do you know about the Tavern Fruit Juice Co.?

Mr. LIVORSI. There is nothing I could tell you, outside of I manufactured the jelly there. I did all the production work there.

Mr. HALLEY. How did you get your sugar at Tavern Fruit Juice? Who handled that?

Mr. LIVORSI. The office handled the delivery of sugar, delivery, and sales.

Mr. HALLEY. Who handled your rations for getting OPA clearance?

Mr. LIVORSI. My partner did all that work.

Mr. HALLEY. Who was that, Giglio?

Mr. LIVORSI. Yes, sir.

Mr. HALLEY. You just handled the manufacturing; is that right?

Mr. LIVORSI. That is right.

Mr. HALLEY. What was your investment in Tavern Fruit Juice Co.?

Mr. LIVORSI. Anywhere from fifteen to twenty thousand, I believe.

Mr. HALLEY. Your personal investment?

Mr. LIVORSI. That is the money I needed to buy into it.

Mr. HALLEY. How much of that did you borrow from somebody else?

Mr. LIVORSI. I borrowed eight or ten or twenty thousand, it was. I am not sure about that.

Mr. HALLEY. Who did you borrow it from?

Mr. LIVORSI. From Mr. Joseph Rose.

Mr. HALLEY. The man who got you your first job?

Mr. LIVORSI. That is right.

Mr. HALLEY. Had you ever been before in the jelly business?

Mr. LIVORSI. No.

Mr. HALLEY. In fact, you hadn't been in the dress business before 1944; is that right?

Mr. LIVORSI. 1944?

Mr. HALLEY. I mean before you went to jail.

Mr. LIVORSI. I might have been once before, a long time ago. I am not sure. I might have been.

Mr. HALLEY. I thought you told me when we spoke about a week ago that you never had any legitimate business before you went to jail.

Mr. LIVORSI. Well, that could be true, too.

Mr. HALLEY. That could be true?

Mr. LIVORSI. Yes.

The CHAIRMAN. Is it true? You know whether you had any legitimate business or not.

Mr. HALLEY. Can you think of any right now, any legitimate business before you went to jail?

Mr. LIVORSI. I can't think of any legitimate business.

Mr. HALLEY. Was Tavern Fruit Juice Co. a legitimate business?

Mr. LIVORSI. Was it a legitimate business? Yes; certainly.

Mr. HALLEY. Is it your contention that you got your sugar in a legitimate way?

Mr. LIVORSI. As far as I know; yes, sir; we got the sugar in a legitimate way.

Mr. HALLEY. Did you ever talk to Bill Giglio about how he got it?

Mr. LIVORSI. No. I never went into that part of the business.

Mr. HALLEY. When you needed sugar you just told Giglio you needed more sugar; is that right?

Mr. LIVORSI. No; not when I needed sugar. I always had a tank full of sirup in the place.

Mr. HALLEY. If you wanted to increase production, did you tell Giglio to arrange to get additional sugar?

Mr. LIVORSI. Most of the time I think I had a 10,000-gallon tank in reserve.

Mr. HALLEY. Who ever taught you the jelly business? Where did you learn the jelly business?



Mr. LIVORSI. Who taught me the jelly business? My brother-in-law.

Mr. HALLEY. Who?

Mr. LIVORSI. My brother-in-law.

Mr. HALLEY. Who is your brother-in-law?

Mr. LIVORSI. He is married to my sister.

Mr. HALLEY. Vincent Gangi?

Mr. LIVORSI. That is correct; not Vincent. It is not Vincent. Dom-inick Gangi.

Mr. HALLEY. Was Gangi in the jelly business before you were?

Mr. LIVORSI. Yes.

Mr. HALLEY. He was first in Tavern Fruit Juice, Inc., is that correct? A corporation?

Mr. LIVORSI. It was him and another fellow. I don't know whether it was a corporation or not. Him and another fellow by the name of Miller.

Mr. HALLEY. Miller and Gangi went into the Tavern Fruit Juice Corp., is that right?

Mr. LIVORSI. I don't know whether it was a corporation or not. I know they were in there.

Mr. HALLEY. They did that in November of 1944, is that correct?

Mr. LIVORSI. I believe so. I don't remember the dates exactly.

Mr. HALLEY. Had Gangi also been convicted of a crime?

Mr. LIVORSI. I don't know.

Mr. HALLEY. Wasn't he an ex-convict, too?

Mr. LIVORSI. I don't know. That I don't know.

Mr. HALLEY. Had you never heard that?

Mr. LIVORSI. No.

Mr. HALLEY. In any event, you didn't take any part in Tavern until April of 1945; is that right?

Mr. LIVORSI. That is right; yes.

Mr. HALLEY. At that time you and Bill Giglio went into the Tavern. Isn't it a fact that Gangi and Miller were acting for you and Giglio when they first went into the Tavern?

Mr. LIVORSI. No.

Mr. HALLEY. Isn't it a fact that you and Giglio handled business transactions for Tavern before you actually took over the company?

Mr. LIVORSI. No; I never knew nothing about the Tavern until Mr. Giglio spoke to me about it, that we could buy this. In fact, I didn't even know my brother-in-law was in there until we went in—until we made negotiations, and then I knew it was my brother-in-law.

Mr. HALLEY. You found out from Giglio that your brother-in-law was in Tavern?

Mr. LIVORSI. Giglio didn't even know it was my brother-in-law.

Mr. HALLEY. How did you happen to pick the jelly business as a legitimate business in which to go?

Mr. LIVORSI. I didn't pick the jelly business as an occupation. It was brought to me.

Mr. HALLEY. Who brought it to you?

Mr. LIVORSI. Mr. Giglio. I explained that before.

Mr. HALLEY. What did he say? Did he say there was a chance to make big money?

Mr. LIVORSI. He told me we could buy a business in which we could make some money.

Mr. HALLEY. What was the total investment you and Giglio made in Tavern Fruit Juice?

Mr. LIVORSI. Anywhere from \$35,000 to \$40,000.

Mr. HALLEY. Sometime later did you enter into the Eatsum Food Co.?

Mr. LIVORSI. Yes.

Mr. HALLEY. When was that, do you remember? Was that in July of 1945?

Mr. LIVORSI. I don't remember just exactly when it was because how I knew about the Eatsum was that Bill Giglio told me we were going to go into the candy business, that we were going to buy into the candy business. That is all I knew about it.

Mr. HALLEY. You got all your instructions from Giglio, is that right?

Mr. LIVORSI. I mean, after all, whatever he told me he was going to do was all right with me.

Mr. HALLEY. Giglio was running the business?

Mr. LIVORSI. It was all right with me because I knew he was a capable fellow in business.

Mr. HALLEY. He said you should go into the candy business and you said that is all right. Did you make any investment in the Eatsum Co.?

Mr. LIVORSI. Yes; there was an investment made in that.

Mr. HALLEY. How much did you invest personally in Eatsum?

Mr. LIVORSI. No, well, I didn't invest nothing personally. It was bought in there from moneys we made in the other business.

Mr. HALLEY. In other words, you took money out of Tavern Fruit Juice Co. and put it into Eatsum?

Mr. LIVORSI. That is what I understood; yes.

Mr. HALLEY. How much did you put in, do you know?

Mr. LIVORSI. I don't know the exact amount.

Mr. HALLEY. What was the business of Eatsum?

Mr. LIVORSI. I didn't hear that.

Mr. HALLEY. What was the business of the Eatsum Co.?

Mr. LIVORSI. Candy business.

Mr. HALLEY. Did you have anything to do with the making of candy?

Mr. LIVORSI. No.

Mr. HALLEY. What other business did Eatsum have?

Mr. LIVORSI. I don't know.

Mr. HALLEY. Did it buy and sell corn syrup?

Mr. LIVORSI. I wouldn't know if they bought or sold. I just know we were in the candy business.

Mr. HALLEY. You were a partner in the Eatsum Co., were you not?

Mr. LIVORSI. That is right; yes.

Mr. HALLEY. You made a fairly large income out of Eatsum, did you not?

Mr. LIVORSI. I don't know if I drew any money out of there, any salary out of there. I didn't draw no salary out of Eatsum.

Mr. HALLEY. You made profits out of the Eatsum Co., didn't you?

Mr. LIVORSI. I am sure we made money out of that.

Mr. HALLEY. Don't you know what the business of Eatsum was?

Mr. LIVORSI. I said the candy business.

Mr. HALLEY. Don't you know that they bought and sold corn syrup?

Mr. LIVORSI. No; I don't know nothing about that business. All I know is they manufactured candy in the Eatsum Candy Co. and we were in the candy business.

Mr. HALLEY. Did you ever hear of Eatsum buying and selling large quantities of corn sirup and leaving large sums of money in cash payment under the table at black-market places?

Mr. LIVORSI. No.

Mr. HALLEY. You never heard of that?

The CHAIRMAN. What is your answer?

Mr. LIVORSI. No.

Mr. HALLEY. Did you ever hear that in the premises at Eatsum there was a box in which many thousands of dollars in cash money were kept?

Mr. LIVORSI. No, sir.

Mr. HALLEY. You never heard of that?

Mr. LIVORSI. No, sir.

Mr. HALLEY. Did you ever hear that Eatsum made large cash payments in order to get corn from farmers?

Mr. LIVORSI. No, sir.

Mr. HALLEY. Did you ever hear that Eatsum was paying black-market prices to get corn from farmers?

Mr. LIVORSI. No, sir.

Mr. HALLEY. Mr. Livorsi, you made a lot of money while you were in the sugar business, did you not?

Mr. LIVORSI. Yes; I made money.

Mr. HALLEY. Did you buy a country home in New Jersey?

Mr. LIVORSI. Yes, sir.

Mr. HALLEY. Who did you buy that home from?

Mr. LIVORSI. From Mr. Jacobs, Mike Jacobs.

Mr. HALLEY. Mike Jacobs.

Mr. LIVORSI. Yes.

Mr. HALLEY. It was an elaborate estate, was it not?

Mr. LIVORSI. Yes.

Mr. HALLEY. What did you pay for that?

Mr. LIVORSI. \$50,000.

Mr. HALLEY. \$50,000?

Mr. LIVORSI. That is right.

Mr. HALLEY. The original price was somewhat higher, the asking price, wasn't it?

Mr. LIVORSI. The asking price was \$60,000.

Mr. HALLEY. Wasn't it \$85,000?

Mr. LIVORSI. No. It was sold for \$85,000.

Mr. HALLEY. It was sold by whom?

Mr. LIVORSI. By me.

Mr. HALLEY. You resold it for \$85,000?

Mr. LIVORSI. That is right.

Mr. HALLEY. To whom?

Mr. LIVORSI. To—let's see if I can remember that, a fellow in the shipping business. I sold it through an agency, you know, a real-estate agency..

Mr. HALLEY. A real-estate agent?

Mr. LIVORSI. Yes, I sold it through a real estate agent.

Mr. HALLEY. When you were first negotiating to buy that house you had a real estate agent, too, didn't you?

Mr. LIVORSI. Yes, the same fellow.

Mr. HALLEY. You went down to New Jersey with him and with Mr. Jacobs to look at the house, is that right?

Mr. LIVORSI. That is right. Mr. Jacobs lived in the house at the time.

Mr. HALLEY. That is right. You told the real estate agent to take a walk by himself so you could talk to Mr. Jacobs about the price, isn't that right?

Mr. LIVORSI. Yes. I could have done better business with him than through him.

Mr. HALLEY. You were able to negotiate your price better with Mr. Jacobs in the absence of the real estate agent, is that correct?

Mr. LIVORSI. That is right.

The CHAIRMAN. Speak up, Mr. Livorsi.

Mr. LIVORSI. I told him don't worry about your commission, you will get your commission. I can do better business with Mr. Jacobs, because the place was pretty well run down and I thought he was asking too much money for it.

Mr. HALLEY. When the real estate agent came back, you told him the price was \$50,000, is that correct?

Mr. LIVORSI. That is right.

Mr. HALLEY. And you bought the house?

Mr. LIVORSI. That is right.

Mr. HALLEY. Who decorated that house?

Mr. LIVORSI. A fellow by the name of, I believe it is Silverman.

Mr. HALLEY. Silverman?

Mr. LIVORSI. Yes.

Mr. HALLEY. What is his full name?

Mr. LIVORSI. I didn't hear that.

Mr. HALLEY. What is his full name?

Mr. LIVORSI. His full name?

Mr. HALLEY. Yes.

Mr. LIVORSI. It might be Sam Silverman. I am not sure of that first name.

Mr. HALLEY. Sam Silverman?

Mr. LIVORSI. Yes.

Mr. HALLEY. Where is he located?

Mr. LIVORSI. In New York.

Mr. HALLEY. New York City?

Mr. LIVORSI. Yes.

Mr. HALLEY. You fixed that house up very elaborately, did you not?

Mr. LIVORSI. That is right.

Mr. HALLEY. A lot of decoration and fancy work.

Mr. LIVORSI. Yes.

Mr. HALLEY. Did you ever live in it?

Mr. LIVORSI. No.

Mr. HALLEY. Why not?

Mr. LIVORSI. Well, I couldn't live in it any more because I thought I was going to be a millionaire and then everything went upside down.

Mr. HALLEY. When did you sell it?

Mr. LIVORSI. I sold it, I think, a year later.

Mr. HALLEY. Didn't you live in it during the year—

Mr. LIVORSI. I never lived in it.

Mr. HALLEY. You never lived in it at all?

Mr. LIVORSI. No.

Mr. HALLEY. Did you buy it for entertainment purposes?

Mr. LIVORSI. I bought it to live in there with my family.

Mr. HALLEY. Did you buy it to have a gambling place there?

Mr. LIVORSI. No, sir.

Mr. HALLEY. Was there ever any gambling equipment in or about the premises?

Mr. LIVORSI. Not on my premises. I never seen no gambling equipment there.

Mr. HALLEY. Where did you see gambling equipment?

Mr. LIVORSI. Nowhere. I just said I never seen no gambling equipment on those premises.

Mr. HALLEY. Bill Giglio also bought himself an estate in New Jersey about the same time, didn't he?

Mr. LIVORSI. That is right.

Mr. HALLEY. He bought ex-Senator Barbour's estate. Is that right?

Mr. LIVORSI. That is right; yes.

Mr. HALLEY. Did you ever see any gambling equipment around Bill Giglio's place?

Mr. LIVORSI. No; I never did.

Mr. HALLEY. Did you ever see any roulette wheels?

Mr. LIVORSI. No.

Mr. HALLEY. In any of the buildings?

Mr. LIVORSI. No, sir.

Mr. HALLEY. Never?

Mr. LIVORSI. No, sir.

Mr. HALLEY. Did you and Giglio talk about going in the gambling business?

Mr. LIVORSI. We spoke about it. Bill told me he had had a proposition in Panama about some gambling casino or something like that. He spoke a little about that, but I never went into full details with him.

Mr. HALLEY. What was the conversation about gambling?

Mr. LIVORSI. He said I am getting a proposition for a casino in Panama.

Mr. HALLEY. A casino in Panama.

Mr. LIVORSI. That is right, something like that, on that order.

Mr. HALLEY. Did he tell you he was buying a roulette wheel and putting them in places in New Jersey?

Mr. LIVORSI. He never spoke about it any more. I imagine nothing materialized, and we never spoke about it any more.

Mr. HALLEY. You just never talked about it at all; is that right?

Mr. LIVORSI. Yes, sir.

Mr. HALLEY. You also bought a house at Atlantic Beach, N. Y. Is that right?

Mr. LIVORSI. That is my father who bought that house.

Mr. HALLEY. Your father bought that house. When did your father buy it?

Mr. LIVORSI. It was in 1944, I imagine.

Mr. HALLEY. 1944?

Mr. LIVORSI. I believe so; I believe 1944.

Mr. HALLEY. Before you went into the sugar business?

Mr. LIVORSI. Yes; I think so. I am not sure of that. I know it was in 1944 he bought it.

Mr. HALLEY. From whom did your father buy that house?

Mr. LIVORSI. From some woman, a Mrs. Becker.

Mr. HALLEY. Mrs. who?

Mr. LIVORSI. Mrs. Becker.

Mr. HALLEY. Did he buy it from Mrs. Rose?

Mr. LIVORSI. Mrs. Becker.

Mr. HALLEY. Didn't he buy it from a Mrs. Lillian Rose?

Mr. LIVORSI. I know it was a Mrs. Becker.

Mr. HALLEY. You never heard of a Mrs. Rose in connection with that; is that right?

Mr. LIVORSI. With the house?

Mr. HALLEY. Yes.

Mr. LIVORSI. Mrs. Becker owned the house where my father bought.

Mr. HALLEY. Wasn't that house once Augie Casino's house?

Mr. LIVORSI. No.

Mr. HALLEY. You know Little Augie Casino; don't you?

Mr. LIVORSI. Sure I know him.

Mr. HALLEY. He is a good friend of yours?

Mr. LIVORSI. A friend of mine.

Mr. HALLEY. I think you said the other day he was a very good friend of yours. Is that right or wrong?

Mr. LIVORSI. I said he was a friend of mine. If I said he was a good friend of mine, then it is on record that he is a good friend of mine.

Mr. HALLEY. Is it right or is it wrong? I think you said you knew him for 25 years or so.

Mr. LIVORSI. I don't know all the 25 years. I told you I know Mickey Capollo 25 years. I know Joe Rao 25 years. That is who I told you I know 25 years. I was brought up with these fellows in the same neighborhood.

Mr. HALLEY. How long have you known Little Augie?

Mr. LIVORSI. Little Augie, I don't know. I have probably known him since 5 or 6 years since we have been at Atlantic Beach.

Mr. HALLEY. You met him first at Atlantic Beach?

Mr. LIVORSI. It might be at Atlantic Beach. I might have met him at affairs. I have met him at a night club.

Mr. HALLEY. You also used to know him when you went to Florida; didn't you?

Mr. LIVORSI. I have very seldom seen anybody when I went to Florida.

Mr. HALLEY. You saw Augie when you went to the Wofford Hotel; didn't you?

Mr. LIVORSI. I don't think I have been in the Wofford Hotel two times in all my life.

Mr. HALLEY. But you have been in it?

Mr. LIVORSI. Yes.

Mr. HALLEY. Didn't you see Augie then?

Mr. LIVORSI. I might have seen him.

Mr. HALLEY. How long have you known Frank Costello?

Mr. LIVORSI. I know him, but I don't know him too well. I met him at affairs.

Mr. HALLEY. You met Frank Costello at affairs?

Mr. LIVORSI. I met him at a wedding or night club.

Mr. HALLEY. Where did you ever meet Frank Costello?

Mr. LIVORSI. I remember one wedding. I met him at the Moretti wedding.

Mr. HALLEY. What Moretti is that? Is that Willie?

Mr. LIVORSI. William Moretti; yes. At his daughter's wedding.

Mr. HALLEY. At his daughter's wedding. Frank Costello was there and you met him there?

Mr. LIVORSI. That is right.

Mr. HALLEY. Where else did you see Frank Costello?

Mr. LIVORSI. I might have met him in a night club.

Mr. HALLEY. What night club?

Mr. LIVORSI. A man like Frank frequents nothing but the best clubs. It must have been the Copacabana. That is where I probably met him.

Mr. HALLEY. How many times have you seen Costello at the Copacabana?

Mr. LIVORSI. A few occasions; that is all. I don't go to the Copacabana too often myself.

Mr. HALLEY. Whenever you go there, do you see Frank Costello?

Mr. LIVORSI. No, no. I just said I don't go to the Copacabana too often.

Mr. HALLEY. But you have seen him there a few times?

Mr. LIVORSI. I have seen him there maybe a couple of times. That is about all.

Mr. HALLEY. Where else have you seen Frank Costello?

Mr. LIVORSI. I told you at a wedding.

Mr. HALLEY. How long have you known Joseph Profaci?

Mr. LIVORSI. Joseph Profaci? Not too long. I don't know him well.

Mr. HALLEY. For how long?

Mr. LIVORSI. A few years; maybe 3 or 4 years.

Mr. HALLEY. Three or four years.

Mr. LIVORSI. Yes.

Mr. HALLEY. How did you first meet Joseph Profaci?

Mr. LIVORSI. I don't know. I don't know how I met him. I met him somewhere. I don't know. I could have met him through some other friend. He might have been with some other friend and I met him and said, "Hello, Joe; this is Joe." How do you meet people?

Mr. HALLEY. You know him well enough to be invited to his daughter's wedding.

Mr. LIVORSI. Sure, if you know a man 3 or 4 years, naturally he will invite you to his daughter's wedding.

Mr. HALLEY. When was that wedding?

Mr. LIVORSI. I know it was a summer wedding.

Mr. HALLEY. In the summertime? Where was it?

Mr. LIVORSI. In a hotel.

Mr. HALLEY. In New York?

Mr. LIVORSI. Yes; a hotel in New York.

Mr. HALLEY. Was Frank Costello there?

Mr. LIVORSI. No; I didn't see Frank there.

Mr. HALLEY. From time to time you gave jobs to people who needed for their paroles to have a place of employment; is that right?

Mr. LIVORSI. Are you asking me for their parole? If you ask me if I put people to work, yes.

Mr. HALLEY. You gave a job to Big John Ormonte?

Mr. LIVORSI. Big John Ormonte; that is right.

Mr. HALLEY. Is that correct?

Mr. LIVORSI. That is true.

Mr. HALLEY. That was right after he got out of jail on a narcotics charge, too; isn't it?

Mr. LIVORSI. Yes; that is true.

Mr. HALLEY. You sent him up to work for Eatsum?

Mr. LIVORSI. That is right.

Mr. HALLEY. You know he didn't do any work.

Mr. LIVORSI. Yes; I know there was complaints about it, and I reprimanded him on it.

Mr. HALLEY. Finally you took him right out of the factory, and you just let him draw his salary. Isn't that right?

Mr. LIVORSI. No; he worked a while and then I had him over in Brooklyn with me.

Mr. HALLEY. He got \$100 a week?

Mr. LIVORSI. That is right.

Mr. HALLEY. You wouldn't say he put in a day's work for that; would you?

Mr. LIVORSI. He did his part.

Mr. HALLEY. What was his part?

Mr. LIVORSI. He did his part that he had to do. If I wanted to take off and go away from the plant, he would be around the plant seeing that the men did their work, too.

Mr. HALLEY. Did you ever give anybody else a job who was on probation?

Mr. LIVORSI. I might have given people a job who were on probation.

Mr. HALLEY. Who else?

Mr. LIVORSI. I don't remember. You tell me the names and I will tell you whether it is true or not. I won't lie about it.

Mr. HALLEY. I know you won't, but I would like to see what you know.

Mr. LIVORSI. Because I feel honored about giving those fellows a job.

Mr. HALLEY. We are not going into that question. The question is the names of the people you gave jobs.

Mr. LIVORSI. John Ormonte. I remember that. That is one.

Mr. HALLEY. Yes.

Mr. LIVORSI. Any other names I don't remember.

Mr. HALLEY. You can't think of even one other?

Mr. LIVORSI. I gave quite a few fellows jobs.

Mr. HALLEY. You mean fellows who got out of jail and needed a job for parole; is that right?

Mr. LIVORSI. Maybe not. I don't even remember giving anybody else a job that got out of jail.

Mr. HALLEY. You mean you think I might be able to give you any more names?



Mr. LIVORSI. Give me the names and I will tell you the truth.

Mr. HALLEY. Suppose Joseph Bendenelli——

Mr. LIVORSI. He was never in jail.

Mr. HALLEY. He was never in jail?

Mr. LIVORSI. No.

Mr. HALLEY. He wasn't on probation?

Mr. LIVORSI. No. You have got that wrong.

Mr. HALLEY. Can you think of anybody who was in jail that you gave a job?

Mr. LIVORSI. The only one I remember is John Ormonte.

Mr. HALLEY. Ormonte is the only one you remember.

Mr. LIVORSI. He is the one I remember because he was in jail with me.

Mr. HALLEY. There might be some others?

Mr. LIVORSI. There might. I told you, you tell me and I will tell you the truth. I won't lie to you.

Mr. HALLEY. You wouldn't deny that there might be some others?

Mr. LIVORSI. I told you, you tell me the names and I will tell you the truth. I won't lie to you.

Mr. HALLEY. How much money did you make out of Eatsum Co.? Do you know? Do you have any idea?

Mr. LIVORSI. Let me talk to these people. I can't talk to the people and you interrupting me here [talking to photographers].

Mr. HALLEY. You did file an income-tax return for the year 1946. You did that; didn't you?

Mr. LIVORSI. Excuse me, will you please. I can't concentrate with these fellows here.

The CHAIRMAN. Let's take the pictures and then continue.

Mr. LIVORSI. You can take all the pictures. I won't give you no picture. Go ahead.

The CHAIRMAN. That is all right. Let's not take any pictures.

Mr. HALLEY. You did file an income-tax return showing that you had certain income in 1946; is that right?

Mr. LIVORSI. 1946?

Mr. HALLEY. Yes.

Mr. LIVORSI. Yes; I filed it.

Mr. HALLEY. Did you file for \$290,000 in that year as income? Would you say that you earned \$290,000?

Mr. LIVORSI. I wish I had seen it.

Mr. HALLEY. What?

Mr. LIVORSI. I wish I had it and seen it.

Mr. HALLEY. You had enough to buy the house.

Mr. LIVORSI. I didn't buy the house cash.

Mr. HALLEY. You paid some cash?

Mr. LIVORSI. I paid some cash, and then I had notes to pay every month.

Mr. HALLEY. You had an apartment up on Park Avenue?

Mr. LIVORSI. Not no apartment on Park Avenue.

Mr. HALLEY. Didn't the company have an apartment on Park Avenue, you and Giglio?

Mr. LIVORSI. I used to go to an apartment on Park Avenue. I don't know whether it was the company's or not.

Mr. HALLEY. You did file an income tax return showing you got \$290,000 in 1946, isn't that right?

Mr. LIVORSI. It must be right if you have it in front of you.

Mr. HALLEY. You know what you did. I am not asking you what I have in front of me.

The CHAIRMAN. Do you object to having your photograph taken? If you do, we won't take them. You tell us.

Mr. HALLEY. Have you stated that you don't want your picture taken? Is that your position?

Mr. LIVORSI. I can't talk to you and have these lights snapping in my eyes.

Mr. HALLEY. That is a fair position. The witness says he can't testify while you are taking pictures.

PHOTOGRAPHER. May I make one before he starts and get it over with? We have been waiting a good while.

(Discussion off the record.)

Senator TOBEY. May I ask one question. Was this Mike Jacobs that you have been testifying about the boxing promoter?

Mr. LIVORSI. Yes, sir.

Senator TOBEY. The Mike Jacobs?

Mr. LIVORSI. I believe he is.

Mr. HALLEY. For the record, that was a straight business transaction through a real-estate broker, though, whatever purchase you made from Mike Jacobs? That was arranged through a real-estate broker?

Mr. LIVORSI. That is right.

Mr. HALLEY. You had told the broker to go find you a house and he came up with Mike Jacob's house, is that right?

Mr. LIVORSI. That is right.

Mr. HALLEY. You say you don't have any actual recollection of your own of having earned as much as \$290,000 in 1946?

Mr. LIVORSI. No, I don't.

Mr. HALLEY. But if the records of your company show it, you won't deny it, is that right?

Mr. LIVORSI. No, I won't deny it. Whatever the records show is the truth.

Mr. HALLEY. What is your best guess of what you earned in 1946, your best estimate?

Mr. LIVORSI. I know I drew a big salary.

Mr. HALLEY. What was your salary?

Mr. LIVORSI. I was drawing a thousand dollars a week.

Mr. HALLEY. A thousand dollars a week as salary?

Mr. LIVORSI. That is right.

Mr. HALLEY. That alone would be \$50,000 a year, is that right?

Mr. LIVORSI. That is right.

Mr. HALLEY. Then as a result of the Eatsum partnership you were entitled to \$100,000 as your part of the profits of Eatsum alone, is that right?

Mr. LIVORSI. \$100,000?

Mr. HALLEY. Yes.

Mr. LIVORSI. How much money did Eatsum make?

Mr. HALLEY. You are familiar with Eatsum. You were in it. You were a partner, weren't you?

Mr. LIVORSI. Yes, but I never received any \$100,000 from Eatsum. I received some cash, but I never received no \$100,000.

Mr. HALLEY. How much cash did you get out of Eatsum?

Mr. LIVORSI. To the best of my knowledge and recollection, I received some money out of Eatsum. I probably received about \$35,000.

Mr. HALLEY. About \$35,000?

Mr. LIVORSI. In all, yes.

Mr. HALLEY. In cash?

Mr. LIVORSI. Yes.

Mr. HALLEY. It was cash money out of the box?

Mr. LIVORSI. I don't know whether it came out of the box or not. I know I got it in cash, but I don't know where it came out of.

Mr. HALLEY. Who gave it to you?

Mr. LIVORSI. Mr. Giglio.

Mr. HALLEY. Mr. Giglio gave it to you?

Mr. LIVORSI. That is right.

Mr. HALLEY. What was the size of the bills?

Mr. LIVORSI. \$100 bills.

Mr. HALLEY. \$100 bills.

Mr. LIVORSI. Yes.

Mr. HALLEY. When did Giglio give you the \$35,000, all at once or some at a time?

Mr. LIVORSI. Not all at once. I think he gave it to me on two occasions.

Mr. HALLEY. On two occasions.

Mr. LIVORSI. Yes. He told me, this is from Eatsum dividends or something.

Mr. HALLEY. Dividends from Eatsum and he handed you packs of \$100 bills?

Mr. LIVORSI. Yes.

Mr. HALLEY. Did you ever get some dividends from Tavern Fruit Juice?

Mr. LIVORSI. Not that I remember. I know I drew a salary from Tavern.

Mr. HALLEY. How much salary did you draw from Tavern?

Mr. LIVORSI. A thousand a week.

Mr. HALLEY. A thousand a week from Tavern?

Mr. LIVORSI. That is how I drew a thousand dollars a week from the jelly business.

Mr. HALLEY. I see. You didn't get a salary from Eatsum?

Mr. LIVORSI. No, I don't think I got a salary from them, unless they combined it. I don't know.

Mr. HALLEY. Didn't you also get \$250 a week from Eatsum?

Mr. LIVORSI. Unless they combined it. I just told you. Unless they combined the salary. I received \$1,000 a week.

Mr. HALLEY. Who paid you your salary?

Mr. LIVORSI. I got it by check.

Mr. HALLEY. You got the salary by check?

Mr. LIVORSI. That is right.

Mr. HALLEY. You got the dividends in cash, \$35,000?

Mr. LIVORSI. Yes, out of the candy company that I know of.

Mr. HALLEY. What amounts did you receive out of the candy or sirup or jelly business?

Mr. LIVORSI. Any money I received from the jelly business I received in checks. That I know. The only cash I ever got was out of the candy company.

Mr. HALLEY. When did you quit the jelly business and the candy business?

Mr. LIVORSI. We didn't quit. We went broke.

Mr. HALLEY. You went broke? You didn't pay all your creditors, is that right?

Mr. LIVORSI. Yes, that is right.

Mr. HALLEY. You went into a receivership?

Mr. LIVORSI. I know we went broke. I don't know whether it was receivership or bankrupt. What do you call it when you go broke?

Mr. HALLEY. You go broke.

Mr. LIVORSI. We went broke.

Mr. HALLEY. You didn't even pay your income tax, is that right?

Mr. LIVORSI. I went broke with it.

Mr. HALLEY. You went broke with Uncle Sam, in other words. What business have you been in since Eatsum and Tavern went broke?

Mr. LIVORSI. I haven't been in no business.

Mr. HALLEY. What have you been doing for a living since 1947?

Mr. LIVORSI. I have been following the horses. I have been following the horses. I go from track to track. I go from New York to Florida.

Mr. HALLEY. You mean you bet on horses?

Mr. LIVORSI. Yes.

Mr. HALLEY. Where do you get the money to go from New York to Florida?

Mr. LIVORSI. Where did I get the money? I had some money. I sold that house down there. I had some money that I sold the house.

Mr. HALLEY. Is that money you owe Uncle Sam for income tax?

Mr. LIVORSI. I don't owe it to Uncle Sam. That is money that I owe a lot of people after we went broke. How much money did I make on the house?

Mr. HALLEY. But you kept enough so that you have been living on it for 3 years, is that right?

Mr. LIVORSI. I haven't been living on that money. I have been living on the moneys that I have been winning, winning and losing.

Mr. HALLEY. Have you ever been in the bookmaking business yourself?

Mr. LIVORSI. No.

Mr. HALLEY. Did you ever hear of the Patrician restaurant?

Mr. LIVORSI. Yes.

Mr. HALLEY. That is in Long Island City, isn't it?

Mr. LIVORSI. That is right.

Mr. HALLEY. Were you ever there?

Mr. LIVORSI. I have been there for the last 7 or 8 years, I have been hanging out at the place.

Mr. HALLEY. Is that a place where you hang out?

Mr. LIVORSI. Yes.

Mr. HALLEY. Have you ever made book there?

Mr. LIVORSI. No.

Mr. HALLEY. Have you ever seen any one make book there?

Mr. LIVORSI. In the Patrician restaurant?

Mr. HALLEY. Yes.

Mr. LIVORSI. No.

Mr. HALLEY. You never saw anybody make book?

Mr. LIVORSI. There is a lot of fellows out in there, but I don't know whether they book or bet.

Mr. HALLEY. Have you ever seen anybody bet on a horse race in the Patrician restaurant?

Mr. LIVORSI. No, not to my knowledge.

Mr. HALLEY. Have you ever bet on horse races at the Patrician restaurant?

Mr. LIVORSI. At the Patrician? I might have bet on a horse, not in the restaurant. I might have bet—what time in any fellow's life that he doesn't make a bet on a horse?

Mr. HALLEY. I know you have bet on horses. I am asking whether you did it at or near the Patrician restaurant.

Mr. LIVORSI. You mean bet in the Patrician restaurant?

Mr. HALLEY. Or in that neighborhood, close by Patrician.

Mr. LIVORSI. No.

Mr. HALLEY. You mean you have never made a bet in or around the Patrician restaurant? Never accepted a bet?

Mr. LIVORSI. No, sir.

Mr. HALLEY. Are you still in the narcotics business?

Mr. LIVORSI. Am I still in the narcotics business? You should ask that question of the Narcotics Division, not to me.

The CHAIRMAN. Do you want to answer it or not?

Mr. LIVORSI. Yes, I will answer it, but I mean isn't it embarrassing to ask me a question like that?

The CHAIRMAN. You do not have to answer it unless you want to.

Mr. LIVORSI. Well, no.

Mr. HALLEY. You are not?

Mr. LIVORSI. I am not.

Mr. HALLEY. Is John Ormonte in the narcotics business today?

Mr. LIVORSI. Not that I know of.

Mr. HALLEY. Do you know a man named Tom Mix?

Mr. LIVORSI. Yes. He was in jail with me also.

Mr. HALLEY. Aren't "Honest" John and Tom Mix in the narcotics business today?

Mr. LIVORSI. I don't remember.

Mr. HALLEY. Have you any business dealings today with John Ormonte and Tom Mix?

Mr. LIVORSI. No, sir. We are friendly but I have no business with them.

The CHAIRMAN. Senator Tobey, do you want to ask the witness any questions?

Senator TOBEY. My questions won't go much into detail.

At the beginning they asked you if you had been in any legitimate business before you went into this business and you said no, that you couldn't remember. In other words, it is your testimony that all the businesses you have been in in your life have been illegitimate businesses? Was that a fair inference from what you said?

Mr. LIVORSI. I don't know what to call it. I don't know what you call illegitimate business.

Senator TOBEY. In carrying on your business are you breaking the law of the land or the State?

Mr. LIVORSI. Well, I don't break no law.

Senator TOBEY. What is that?

Mr. LIVORSI. I don't break no laws.

Senator TOBEY. Then has the business you have been doing been consistent with the laws of the State you live in and the Nation itself or have you had to keep it under cover because you were afraid of—

Mr. LIVORSI. Betting horses, shooting craps, or playing cards is illegitimate?

Senator TOBEY. I am not saying that. I am just asking you a question. You come back and ask me another question. The question is this: You know what you have been doing, whether your business would stand the light of day and be approved by people who are called good American citizens. You know whether it is a legitimate American business or not. What do you say to that? Is it something you have to keep under cover? Are you ashamed?

Mr. LIVORSI. I don't duck nobody. I never duck anybody.

Senator TOBEY. Have you been ashamed of your business?

Mr. LIVORSI. Well, I mean shooting craps playing cards, betting horses—somebody don't like it and somebody does.

Senator TOBEY. You contribute to the sound economy of the Government by carrying that on, do you not?

Mr. LIVORSI. Look, I don't understand that. I don't understand words like that. You have to talk plain to me.

Senator TOBEY. That is pretty plain. Has the business you have been engaged in from which you have made the money you have got in considerable sums come from legitimate operations, businesses that are approved and sanctioned by the laws of the State and Nation, or not?

Mr. LIVORSI. Yes, sir.

Senator TOBEY. It has?

Mr. LIVORSI. Yes, sir.

Senator TOBEY. These have all been legal things, is that right?

Mr. LIVORSI. Yes, sir.

Senator TOBEY. Why were you arrested for some of these things?

Mr. LIVORSI. What was I arrested for?

Senator TOBEY. Why were you arrested if the business you were in was legal? Why were you arrested if you were in a legal business?

Mr. LIVORSI. I don't know. I don't know why I was arrested.

Senator TOBEY. You killed a man with a gun, is that right?

Mr. LIVORSI. That is what they said I did.

Senator TOBEY. Did you or did you not?

Mr. LIVORSI. I did not.

Senator TOBEY. I see. Were you convicted of it?

Mr. LIVORSI. No, sir.

Senator TOBEY. So all your life you have been in business the extent of which is shooting craps and gambling and so on. Is that all?

Mr. LIVORSI. That is right.

Senator TOBEY. Did you ever produce anything for society's good?

Mr. LIVORSI. I am a good American.

Senator TOBEY. In what way are you a good American?

Mr. LIVORSI. I am a good American in every way.

Senator TOBEY. You are a good American in breaking the law, is that what you mean to say?

Mr. LIVORSI. I don't break no laws, Your Honor.

Senator TOBEY. You have not broken any laws? How about black market operations?

Mr. LIVORSI. I don't deal in black market operations.

Senator TOBEY. Did you carry on black market operations during the war?

Mr. LIVORSI. I wasn't—I think I was in jail during the war, wasn't I?

Senator TOBEY. All the war, were you?

Mr. LIVORSI. I believe I was. When did the war end, what year did the war end?

Senator TOBEY. The war has not ended yet.

Mr. LIVORSI. I am not talking about this war. I am talking about the last war.

Senator TOBEY. We have not had peace. The other war is technically still on.

Mr. LIVORSI, I am not making any headway. All I want to bring out is that he thinks he has been in legitimate business. I do not think he has. I think he is one of that gang of parasites in society that ought to be taboo in this country and I wish to God they were.

I don't believe there is anything in your life that would make the youth of this country say "I want to be like that man," do you?

Mr. LIVORSI. I certainly do. I tried.

Senator TOBEY. You did try. The record before me does not indicate it.

Mr. LIVORSI. I tried but I was persecuted all the way through.

Senator TOBEY. You do not look like a persecuted man to me.

Mr. LIVORSI. I tried. I was persecuted all the way through. Agents went to my children's school and persecuted me there.

The CHAIRMAN. Mr. Livorsi, as I understand it, after you got out of the dress business, the Eleanor Post dresses, then you went into the Tavern Fruit Juice Co. Where did that operate, in New York or New Jersey?

Mr. LIVORSI. The Tavern, in New York.

The CHAIRMAN. In New York. What was the address?

Mr. LIVORSI. I know it was in Troutman Street. I don't remember the address. I know it was on Troutman Street in Brooklyn.

Am I allowed to smoke a cigarette?

The CHAIRMAN. Yes, surely. Go ahead and smoke.

You and Mr. Giglio ran that together. You were the principal people in the Tavern Fruit Juice, Inc., were you not?

Mr. LIVORSI. That is right, yes.

The CHAIRMAN. What part of it did you run? Did you stay in the office or what did you do?

Mr. LIVORSI. I stayed in the factory. I ran the production end of it.

The CHAIRMAN. What was the Tavern Fruit Juice, Inc., making?

Mr. LIVORSI. We were making apple-flavored jelly.

The CHAIRMAN. Did you make much?

Mr. LIVORSI. Whatever orders I got I fulfilled.

The CHAIRMAN. I mean, was it half a million dollars a year?

Mr. LIVORSI. Well, I don't even know what price we sold it at.

The CHAIRMAN. How many people did you have working in your factory?

Mr. LIVORSI. Well, we had anywhere from 15 to 16 or 20 people.

The CHAIRMAN. In 1945, for instance, Tavern Fruit Juice sold more than a million dollars worth of products, did it not?

Mr. LIVORSI. That could be, yes.

The CHAIRMAN. You would know about the amount, would you not?

Mr. LIVORSI. No; I would not know about the amount. I tell you, I don't even know what were prices, what we bought or sold for. I don't even know that.

The CHAIRMAN. How did you happen to come with the Eatsum Food Products Co.? What was that business, the Eatsum Food Products Co.?

Mr. LIVORSI. Eatsum?

The CHAIRMAN. Eatsum.

Mr. LIVORSI. That was a candy business.

The CHAIRMAN. E-a-t-s-u-m, Eatsum Food?

Mr. LIVORSI. That was a candy company.

The CHAIRMAN. What was the address of that company?

Mr. LIVORSI. That was in the Bronx somewhere, I don't know the address. I don't even know the street it was on. I was there once.

The CHAIRMAN. The purpose of that company was to get sugar some way or another, was it not? Do you know?

Mr. LIVORSI. I don't know. We were getting our sugar in tank cars from the syrup companies.

The CHAIRMAN. Where did you get your sugar from?

Mr. LIVORSI. From syrup companies like—there were four or five companies we got sugar from. As long as we had the points, we got the sugar, the liquid sugar, syrup. We got liquid sugar.

The CHAIRMAN. Mr. Livorsi, that is all for now. You stay around. We might want to ask you some questions later on. You will be excused at this time.

Mr. LIVORSI. Thank you.

The CHAIRMAN. Do you have any other statement you want to make about any matter while you are on the stand?

Mr. LIVORSI. I have no statement to make.

The CHAIRMAN. How old are you?

Mr. LIVORSI. Forty-seven.

The CHAIRMAN. Where were you born?

Mr. LIVORSI. In the United States of America.

The CHAIRMAN. I meant what State?

Mr. LIVORSI. Chicago, Ill.

The CHAIRMAN. How long have you lived in New York?

Mr. LIVORSI. Forty-six and a half years.

The CHAIRMAN. You came to New York when you were—

Mr. LIVORSI. Six months old. I was only a couple of months old, maybe, when my people came to New York.

The CHAIRMAN. Do you know Frank Erickson?

Mr. LIVORSI. No; I don't know him. I have heard of him.

The CHAIRMAN. When did you see Frank Costello last?

Mr. LIVORSI. I think the last time I saw him was at a wedding a couple of years ago.

The CHAIRMAN. All right. You are excused.

Mr. Lubben, will you come around, please? Mr. Lubben, do you solemnly swear the testimony you will give this committee will be the truth, the whole, truth, and nothing but the truth, so help you God?

Mr. LUBBEN. I do.

The CHAIRMAN. All right, Mr. Halley.



TESTIMONY OF DAVID GEORGE LUBBEN, WOODCLIFF LAKE, N. J.,  
AND FRANK S. KETCHAM, ATTORNEY, WASHINGTON, D. C.

Mr. HALLEY. What is your full name and address?

Mr. LUBBEN. My name is David Lubben. My address is in Woodcliff Lake, N. J.

Mr. HALLEY. What is your business?

Mr. LUBBEN. I am a candy manufacturer. I also deal in second-hand confectionary machinery.

Mr. HALLEY. You first came to New York City to engage in business during the war years, is that right?

Mr. LUBBEN. That is correct.

Mr. HALLEY. Will you state the circumstances?

Mr. LUBBEN. Beg your pardon?

Mr. HALLEY. Will you state the circumstances of your coming to New York City in the business that you got into?

Mr. LUBBEN. Just—

Mr. HALLEY. Can I help? You worked for the Kroger Grocery, did you not?

Mr. LUBBEN. That is correct.

Mr. HALLEY. Kroger Grocery & Baking, is that right?

Mr. LUBBEN. That is true.

Mr. HALLEY. In Cincinnati?

Mr. LUBBEN. Yes. I had a position there. I was a merchandiser. When I was turned down for the service I decided to go in business for myself.

Mr. HALLEY. At Kroger were you in charge of the manufacturing of cookies and crackers?

Mr. LUBBEN. No; I was in charge of merchandising.

Mr. HALLEY. In charge of merchandising?

Mr. LUBBEN. Yes, sir.

Mr. HALLEY. You came east to go into the candy business, is that correct?

Mr. LUBBEN. That is correct.

Mr. HALLEY. What was your salary at the Kroger when you left?

Mr. LUBBEN. Either \$100 or \$125 a week.

Mr. HALLEY. When you came east what was the first business you went into?

Mr. LUBBEN. We formed a company called Eatsum Food Products, E-a-t-s-u-m Food Products.

Mr. HALLEY. You say "we." Were you alone or did you have a partner at that time?

Mr. LUBBEN. I didn't have any partner. I had a man that gave me some help. He set me up—that is, we worked together on it, and later on I took the business over myself.

Mr. HALLEY. The business of Eatsum was the manufacture of candy?

Mr. LUBBEN. Originally we started out, sir, as a repacker. We bought the candy and repacked it, and later on some machinery was added and we manufactured candy and also repacked candy. As we bought candy in bulk from someone else and packed it in 5- and 10-cent bags.

Mr. HALLEY. You were having a very difficult time getting sugar for your candy, is that right?

Mr. LUBBEN. Yes, sir.

Mr. HALLEY. Will you tell the committee a little bit about the problems of those days?

Mr. LUBBEN. Well, if you weren't in business a certain length of time you didn't have any sugar quota. We just weren't in business at that time but there were various ways that you could get sugar. You could plead a hardship, that you had this equipment, and so forth; there was a possibility they could give you sugar, that is, a quota, the Government would, or else you could buy another company and you could merge that company with yours, just to get their quota, which was a very common practice during the rationing years.

Mr. HALLEY. And, of course, you had to go into the black market and pay over the ceiling price to get it, is that right?

Mr. LUBBEN. Yes, sir. If you wanted to make candy with sugar, you had to buy it in the black market or as I say buy some other company.

Mr. HALLEY. In fact, you were doing that to a certain extent, were you not?

Mr. LUBBEN. Yes. I used a great deal of dextrose, which was ration free, but I did buy sugar in the black market.

Mr. HALLEY. You had to to continue in business, is that correct?

Mr. LUBBEN. Yes; but nobody asked me to go in business, sir, so I can't look for anybody to feel sorry for me. I just did it.

Mr. HALLEY. I understand, and I am not putting it in the form of an excuse, but there was no way that you could get it legitimately that you know of, is that correct?

Mr. LUBBEN. That is correct. I exhausted about every avenue possible I knew of.

Mr. HALLEY. Then you met a man called Ronald Stone, is that correct?

Mr. LUBBEN. Yes, sir.

Mr. HALLEY. Would you tell the committee how you happened to meet Stone and what transactions you entered into with him?

Mr. LUBBEN. One time an attorney named Herbert Tenzer, a very fine man in New York, called me on the phone and I had one transaction with a client of his. I bought some chocolate from this client. Mr. Tenzer called me up and asked me to come over to his office and said, "Dave, I would like to talk to you." So I went over there and he said, "You are new here in New York and you don't know your way around very well, and I have a fellow that I think can be of some help to you." He said, "This fellow has been an attorney and he has had a little tough luck. He took the wrong case. I have known him when he went to school. He is a pretty fine chap, and so forth. I think you two fellows ought to meet." And we did. The upshot was that Ronald Stone came with me and—

Mr. HALLEY. In any event, you met Stone, is that right?

Mr. LUBBEN. That is correct.

Mr. HALLEY. He had been involved in some subornation of perjury, is that right? As a result of which he had been disbarred?

Mr. LUBBEN. Yes. I found out later that he was mixed up in some case, Dutch Schultz or somebody was mixed up in it.

Mr. HALLEY. You say he was mixed up in some way with Dutch Schultz?

Mr. LUBBEN. That is what he told me anyway.

Mr. HALLEY. That is what you learned at a later time.

Mr. LUBBEN. That is correct.

Mr. HALLEY. What was Stone's function in your organization?

Mr. LUBBEN. The fact that he had had this trouble in the previous—I mean, Jesus, who am I to judge? He was always very nice with me. When I would get bottles or something, at that time you couldn't buy bottles, you couldn't buy boxes, you couldn't buy paper, unless you went out and talked somebody into it. Everybody was in the act and everybody had an angle. Ronnie Stone was very valuable in getting supplies for us so that we could repack our candy.

Mr. HALLEY. Did you pay him a commission for getting supplies?

Mr. LUBBEN. He would get a salary or commission one way or the other. During the time I came to rely on him and lean on him. He got the job done.

Mr. HALLEY. He also helped you get the black-market sugar, did he not?

Mr. LUBBEN. Yes, he did.

Mr. HALLEY. You told me, I believe, the other day that on one occasion prior to hiring Stone you had been cheated out of something like \$720 in an effort to buy some sugar.

Mr. LUBBEN. How much, sir?

Mr. HALLEY. You said \$720, I believe, before you had Stone.

Mr. LUBBEN. Yes, sir; I think it was \$2,700, though.

Mr. HALLEY. \$2,700?

Mr. LUBBEN. Yes, sir.

Mr. HALLEY. You paid somebody and didn't get the sugar, is that right?

Mr. LUBBEN. You see, you always pay in advance with those people before you get the merchandise. I paid somebody, I believe, for 100 bags, \$2,700, the figure "27" remains in my mind. We never did get the sugar.

Mr. HALLEY. You thought Stone would be able to help you avoid that kind of pitfall?

Mr. LUBBEN. Yes. We never had that trouble after he came with us.

Mr. HALLEY. You had worse trouble, didn't you? Didn't you once pay somebody \$10,000?

Mr. LUBBEN. Well, you see, if you knew the right—the Government put out a lot of rules and regulations on sugar quotas, and by the time you would make up an application it might be changed the next day. There was a lot of attorneys, and so forth, here in Washington who kind of thrived on that. They knew a man who knew a man who knew a man who knew Harry Truman or somebody like that or something of that sort. They would make out your sugar application and that was the end of it.

About this transaction of \$10,000 that you speak of, Ronnie Stone came to me with a story that an attorney, whose name I believe was Goldberg, in East Orange, N. J.—that was where I was told he came from, anyway—could get us a quota. It was worth almost anything to get a quota not to have to worry about using black-market sugar.

This man made out our application. I never saw this man, but Mr. Stone gave him our information, anyhow. We checked the questions on the application. I was told we were going to get a quota. Finally one day Ronnie came to me and said "We have to pay the man now. He wants \$10,000 and I am going to give it to him. We will get our quota this afternoon."

So I gave him \$10,000.

We didn't get it that afternoon, but we were supposed to get it the next day, but something happened the next day and the next day and the next day and the next day. We never did hear any more about it.

Senator TOBEY. Did the man get the money or did Stone get the money?

Mr. LUBBEN. I gave the money to Ronnie Stone and he said he gave it to the man.

Senator TOBEY. Do you have any evidence of it?

Mr. LUBBEN. That I gave it to Ronald Stone?

Senator TOBEY. Yes.

Mr. LUBBEN. Yes.

Senator TOBEY. Has it ever been in your mind that Stone himself kept the money or part of it?

Mr. LUBBEN. No, sir.

Senator TOBEY. You think Stone gave it to the man?

Mr. LUBBEN. I really do, sir.

Senator TOBEY. Why did the man not come across?

Mr. LUBBEN. I don't know why he didn't come across, but there isn't much you could do. You couldn't go to court, he had our money and what could you do? How could I go and say I gave somebody \$10,000 to use their influence with the Government? You had your \$10,000 licking and you had to take it and leave it alone. I paid two other people since then, sir, two other attorneys here in the town, I don't recall the names. I could dig it up for you.

Senator TOBEY. In this town?

Mr. LUBBEN. Yes, sir.

Senator TOBEY. I wish you would dig it up. I would like to get hold of those vermin if I could.

Mr. LUBBEN. But they had a better one, sir. They just took it for a retainer. You gave them the \$2,500 or \$5,000 and then you went home and you never heard no more about it. They didn't pay any more attention to your application than anything.

Senator TOBEY. That is all.

Mr. LUBBEN. It is people like us that made people like them.

Senator TOBEY. You impress me—Mr. Chairman, forgive me—very favorably. I never saw you before, but you have shown some qualities that very few men show in a situation like this. In the first place, you do not try to look for sympathy. You admit in the beginning you didn't like doing these things. You show a different quality than most persons do in cases like this, and I commend you for it. After all, we are all in this room striving for the same thing, to make a better country, and when we find these rotten practices going on we of the committee have to take cognizance of it. I wish you to try to give us those names before you are through, before you leave here.

Mr. LUBBEN. Yes, sir. One of them is right in this courtroom now.

Senator TOBEY. What is his name?

Mr. LUBBEN. I don't know, but he is an attorney.

Senator TOBEY. Point him out to me.

Mr. FRANK S. KETCHAM (attorney at law, 2000 Massachusetts Avenue, Washington, D. C.). He is referring to me. My name is Frank Ketcham.

Senator TOBEY. Did you catch him or did you not?

Mr. KETCHAM. At a time I was asked by Mr. Lubben to advise him in how he should proceed properly under the sugar-rationing regulations to get a quota. I went into his matter and spent considerable time on it, advised him that he was in no position to get a quota. I told him various other proceedings under the regulations of hardship whereby he could make application. He would remember he was refused a quota by the Office of Price Administration.

Senator TOBEY. What did he pay you for that service?

Mr. KETCHAM. He paid me \$2,500.

Senator TOBEY. Before or after you gave him the advice?

Mr. KETCHAM. After I gave him advice. I normally charge a retainer for my activities.

Senator TOBEY. How much was the retainer, \$2,500?

Mr. KETCHAM. Yes, sir.

Senator TOBEY. Is that all you charged him?

Mr. KETCHAM. That is all I charged him.

Senator TOBEY. How much effort did you put in to get that \$2,500?

Mr. KETCHAM. I would say I worked on it roughly 6 to 8 months.

Senator TOBEY. How many ex-friends did you have down there that you operated through?

Mr. KETCHAM. I operated through none.

Senator TOBEY. Are you a registered attorney?

Mr. KETCHAM. Yes.

Senator TOBEY. And this is your job?

Mr. KETCHAM. Yes, sir.

Senator TOBEY. This is the kind of work you did during the war?

Mr. KETCHAM. No, sir.

Senator TOBEY. This is an exceptional case?

Mr. KETCHAM. This was after the war.

Senator TOBEY. Was this an exceptional case with you?

Mr. KETCHAM. Yes, it was.

Senator TOBEY. You did not do this for results. You charged him \$2,500.

Mr. KETCHAM. It was a very difficult job to attempt to do and I could not produce any results, no. He was charged fairly and reasonably.

Senator TOBEY. What is your address in Washington?

Mr. KETCHAM. 2000 Massachusetts Avenue.

Senator TOBEY. This gentleman, Mr. Lubben, is the man you referred to as being one of them?

Mr. LUBBEN. Yes, sir.

Senator TOBEY. Is there another one around here you can see?

Mr. LUBBEN. No, sir; but the other man was supposed to have been Harry Truman's campaign manager in Missouri.

Senator TOBEY. Do you remember what his name was?

Mr. LUBBEN. Don't get me mixed in politics because I mean I am not against anybody, but this was a man that was supposed to have

done something for Mr. Truman when Mr. Truman was a Congressman or Senator or something. I don't know his name but I will dig it up.

Senator TOBEY. Will you, kindly? How much did you pay him?

Mr. LUBBEN. I think the first time we gave him 1,000 bucks, sir, but we weren't the big time for the man. He had more pictures in his office of more of you Senators shaking hands with different people than any place I have been in this town.

Senator TOBEY. You pressmen may be able to tell us. What was his name, do you remember?

The CHAIRMAN. Colonel somebody? Colonel Hunt?

Senator TOBEY. Was it Hunt? Was that the man?

Mr. LUBBEN. No, sir.

Senator TOBEY. The woods were full of this type of patriot during the war. What we are trying to do is fill the gap up so they cannot get a hold during this war.

Mr. LUBBEN. It is very impressive to walk in and see a picture on the wall where the man is shaking hands with a big man.

The CHAIRMAN. Did you have some other matter you wanted to say something about?

Mr. KETCHAM. Yes, sir.

The CHAIRMAN. Mr. Lubben, I think in fairness to Mr. Ketcham, if he wants to make any further statement he may do so.

Mr. KETCHAM. I feel there have been some reflections cast upon my legal profession. I have done nothing wrong. I have done nothing that I am ashamed of. I am perfectly willing to supply the committee with the entire file with respect to this matter. I think I proceeded as any other attorney would proceed when asked by a client for advice.

Senator TOBEY. How did you happen to be here this morning?

Mr. KETCHAM. Because I was informed by Mr. Lubben's associates in Chicago that he was going to be here and testify. I happen to represent Shotwell Manufacturing Co., of Chicago.

Senator TOBEY. What is their business?

Mr. KETCHAM. A candy business.

Senator TOBEY. You thought because he was coming here he might bring your name in?

Mr. KETCHAM. I didn't have any idea of that.

Senator TOBEY. What did you come here for?

Mr. KETCHAM. To understand what was going on in the proceedings.

Senator TOBEY. You mean in these hearings?

Mr. KETCHAM. Yes, sir.

Senator TOBEY. I see. Are you representing Shotwell Co. here this morning?

Mr. KETCHAM. Yes, sir.

The CHAIRMAN. How do you spell your name?

Mr. KETCHAM. K-e-t-c-h-a-m, Senator Kefauver, Frank S. Ketcham.

The CHAIRMAN. You feel the fee you charged was commensurate with the services you rendered?

Mr. KETCHAM. I do, sir.

The CHAIRMAN. It all was in one amount or over a period of time?

Mr. KETCHAM. It was paid I think in one amount after about 6 or 7 weeks after I had been working on it, Senator.

The CHAIRMAN. You worked on it about 6 or 8 months, you said.

Mr. KETCHAM. Yes, sir.

The CHAIRMAN. And spent a great deal of time on it?

Mr. KETCHAM. Yes, sir. I think, as a matter of fact, it was a very low fee.

Senator TOBEY. Perhaps you ought to put in an additional bill.

Mr. KETCHAM. I did and he never paid it.

Senator TOBEY. How much was that for?

Mr. KETCHAM. About \$500.

Senator TOBEY. Are you representing the press here?

Mr. KETCHAM. No, sir.

Senator TOBEY. Are you sitting at the press table?

Mr. KETCHAM. I apologize for that. I came in and I did want to hear the proceedings and the first witness was very hard to understand. I did usurp the privilege that I had no right to.

Senator TOBEY. All right.

The CHAIRMAN. You look like a reputable man. I have no reason to say that you didn't earn or work for your \$2,500, as you say you did.

Mr. KETCHAM. I certainly did.

Mr. HALLEY. I think in fairness I would like to say that Mr. Ketcham's name had not come up in this investigation until this moment.

The CHAIRMAN. Let's get this other matter cleared up.

You also had another lawyer. What was the other man, Mr. Lubben, I believe you said Mr. Truman's campaign manager.

Mr. LUBBEN. That is what he told me, sir.

The CHAIRMAN. That is what he told you, and that is what you are going on. Do you know it or not?

Mr. LUBBEN. I don't know, sir. I know only what the man told me. I am under oath here to tell the truth, sir.

The CHAIRMAN. Did he also file an application for you?

Mr. LUBBEN. No, he just wrote me more letters for more money.

Senator TOBEY. How much did you pay him altogether?

Mr. LUBBEN. I don't know, I think \$1,000 or \$1,500. I will say for this Mr. Ketcham, sir, that he did make every effort. He took me over where they had these men in charge of the rationing, and he did try to do something for me, which is more than the other fellow did.

The CHAIRMAN. The other fellow made some effort, I take it?

Mr. LUBBEN. If he did, sir, he kept it a secret from me, anyway.

The CHAIRMAN. I suppose in fairness you would not know all of the efforts he did make. Anyway, you did pay him some money.

Mr. LUBBEN. That is correct, sir.

Senator TOBEY. Probably a factor in paying that money was the feeling on your part that when he had told you very frankly that he was Mr. Truman's campaign manager he had many friends around Washington, wasn't it?

Mr. LUBBEN. Let's not cast any aspersions at Mr. Truman. I think he is a great man.

Senator TOBEY. We are not casting aspersions. We are simply saying the fact he told you he was Mr. Truman's campaign manager was

evidence that he thought that would make an impression on you. Is that not right?

Mr. LUBBEN. That is right, sir.

Senator TOBEY. And it did make an impression?

Mr. LUBBEN. Sure, very much, sir.

Senator TOBEY. That is human nature.

Mr. LUBBEN. I certainly thought I was getting in with the right people.

Senator TOBEY. That is what I am getting at.

The CHAIRMAN. You say he had a lot of pictures of us Senators and Congressmen on the wall?

Mr. LUBBEN. I will tell you something, sir. If you were just ordinary John Q. Public and you wanted to get something done and you went into this man's elaborate suite of offices and saw a lot of beautiful pictures in the office—a gorgeous place—you would think this man was very successful because he certainly didn't get all those pictures staying home at night. I thought really truly that this was a man who was going to get a job done for me. I would have paid anything to get a sugar quota, sir, gladly.

Mr. HALLEY. To go on, Mr. Lubben, some time after you had this experience with Goldberg and the \$10,000, Stone introduced you to Bill Giglio and an accountant named Roth?

Mr. LUBBEN. Sir?

Mr. HALLEY. You met Giglio and Roth next through Ronald Stone; is that right?

Mr. LUBBEN. Mr. Stone brought in Mr. Roth.

Mr. HALLEY. And Roth is an accountant; is that right?

Mr. LUBBEN. Roth is what, sir?

Mr. HALLEY. An accountant.

Mr. LUBBEN. Yes, sir; that was what he said.

Mr. HALLEY. He did accounting work for you, did he not?

Mr. LUBBEN. Yes, sir.

Mr. HALLEY. What was the deal that Stone brought to you when he introduced you to Roth?

Mr. LUBBEN. Shortly before this we had either through an advertisement in a newspaper or from a lead some place understood there was a bottling plant for sale up in the Bronx that made soda pop. That would have been perfectly legal to buy that plant and junk the machinery to get that sugar quota and bring it down in the candy factory. We looked into this matter. The people came down here. Mr. Stone was in the office at the time. They wanted too much money. You see, you didn't buy machinery. You just bought the quota. But they wanted too much for the machinery based on how many bags of sugar went with it. So we didn't take it; we turned it down. Shortly after that Ronald Stone came in and says that he thinks that he has all of our problems solved; that he has met somebody that really has connections, so this man came over—Mr. Roth came over. He came in the office and said he had heard about us, and so forth. They wanted to get into the candy business. He told me that he was connected with the Doughnut Corp. of America, which is one of the stellar companies in the United States today.

The CHAIRMAN. Who is this you are talking about?



Mr. LUBBEN. Mr. Roth.

They were getting into some other businesses. He said we have a jelly factory and we have a dress factory, and some other things we are thinking about.

So I thought "we" meant the Doughnut Corp. of America. I went to the office of the Doughnut Corp. of America one day with Mr. Roth, which occupies an entire floor in the Equitable Life Insurance Building.

Mr. HALLEY. Pardon me, before you get to that incident, had Ronald Stone told you how much of a sugar quota the people you were now dealing with had?

Mr. LUBBEN. He said he had gotten a tremendous one just on one of their jelly factories, a tremendous quota.

Mr. HALLEY. Did he mention the figure 14,000,000 pounds a year?

Mr. LUBBEN. Mr. Roth mentioned that.

Mr. HALLEY. What did Mr. Roth say about that?

Mr. LUBBEN. He bragged about it, that they just got 14,000,000 pounds of sugar as a quota. He had just got that quota, and that is a tremendous amount. I particularly didn't want any partner, but I would be better off having a partner and not have to buy any more black-market sugar, so we thought and talked about a partnership deal.

Mr. HALLEY. Before you get into those discussions, how did the 14,000,000 pounds of sugar a year compare to the amount of sugar you were getting at the Eatsum Co. at that time?

Mr. LUBBEN. We would buy sugar only 50 or 100 bags, 25 bags, wherever you could find anybody that was selling it.

Mr. HALLEY. How many pounds to a bag?

Mr. LUBBEN. One hundred pounds. Most of it that we purchased at the time—it doesn't make any difference one or the other because you had to buy the dextrose in the black market, so I am not trying to evade anything in the presence of you gentlemen. You had to buy dextrose. The only difference between dextrose and sugar is that dextrose was point free. There were no ration points involved in it.

Mr. HALLEY. But there was a price.

Mr. LUBBEN. You had to pay for it if you wanted it.

Mr. HALLEY. The people who had it wouldn't sell it unless you paid something over OPA fixed price?

Mr. LUBBEN. That is correct, sir.

Senator TOBEY. It isn't clear in my mind, Mr. Halley, where the 14,000,000 pounds, that very large amount of sugar, was to come from.

Mr. HALLEY. Will you explain that, Mr. Lubben?

Mr. LUBBEN. Mr. Roth told me that they had a ration certificate from the United States Government which gave one of his companies, which I later found out to be the Tavern Fruit Juice, the right, a quota, for 14,000,000 pounds.

Senator TOBEY. Was that true?

Mr. LUBBEN. I don't know, sir. I know they did a tremendous business. I had no part in their business other than the fact that they sold our company the jelly, which he will explain to you later on. I was never in their plant. But it must have been true.

Mr. HALLEY. Did Roth say how he had gotten the quota?

Mr. LUBBEN. With connections.

Senator TOBEY. Is Roth here in the room?

Mr. HALLEY. Yes, he is.

Mr. LOUIS J. ROTH. Yes, sir.

Senator TOBEY. Thank you very much. Be thinking up the right answers, will you, please, Mr. Roth. We will give you a chance later on.

Mr. ROTH. Senator, it is unnecessary for me to think of the right answers to a bunch of lies.

Senator TOBEY. We will give you a chance.

Mr. HALLEY. Mr. Lubben, in other words, 14,000,000 is just a fantastic amount of sugar compared to what you were running your candy business with; is that right?

Mr. LUBBEN. Fourteen million pounds would make me as big as Hershey, almost.

Mr. HALLEY. You could be almost as big as Hershey almost?

Mr. LUBBEN. That is correct.

Mr. HALLEY. In fact, you bought a few bags of sugar at a time in 1944 and you had a million and a half dollars' worth of business.

Mr. LUBBEN. Yes; but that wasn't all manufactured, sir. As I explained before, I bought tremendous amounts of candy and repacked it. I would say that in 1944 about 75 percent of our business was on a resale basis.

Mr. HALLEY. So you would say you were able to manufacture only about a few thousand dollars' worth of candy?

Mr. LUBBEN. A quarter of a million dollars. If you say that was the figure, I did.

Mr. HALLEY. So then you went to the Doughnut Co.—

The CHAIRMAN. As I understand it, he and Mr. George Murray started out the Eatsum Food Products. You just did not have any sugar quota at all then. That was the situation, was it not?

Mr. LUBBEN. That is correct. I had nothing to do at all—

The CHAIRMAN. You had not operated during the base period, so you had no sugar at all.

Mr. LUBBEN. That is correct, sir. It was strictly on a jobbing basis.

The CHAIRMAN. Go ahead.

Mr. HALLEY. Then will you go on to your negotiations with the Doughnut Co. offices?

Mr. LUBBEN. Mr. Senator, I wouldn't like to have my picture taken.

The CHAIRMAN. If he does not, we will not take any pictures.

Any witness who objects to having his picture made, it will not be taken.

Go ahead, Mr. Lubben.

I am sorry, gentlemen, that is our rule.

Mr. LUBBEN. We went to the Doughnut Corp. of America with Mr. Roth. I was ushered through the offices, and I met a great many people. I was slapped on the back, and said "Dave is coming in with us, becoming a part of the organization."

I met a number of people. I don't recall their names, but they were up in the front of the office on the Seventh Avenue side. They could have been the officials of the company. We went all around the office, and we went into an attorney's office called Max Goldhill.

Mr. HALLEY. He was counsel for the Doughnut Co.?

Mr. LUBBEN. Yes, sir. This is all in the Doughnut Corp.'s office.

So I discussed selling these people a 50-percent interest in my business. In exchange, they were to see that I got some sugar. They

were going to use their good graces, their connections, to get a sugar quota from Eatsum Food Products. That was the whole basis of selling a half interest, in the first place.

Mr. HALLEY. What deal was finally made?

Mr. LUBBEN. We did sell them a half interest in the place, and we never got so much sugar that you could sweeten your coffee with out of them.

Mr. HALLEY. You simply had to continue buying your sugar for candy out of the black market, is that right?

Mr. LUBBEN. Yes, sir. We made another application for some sugar that we were supposed to get, but nothing ever came of it, sir.

Mr. HALLEY. What was the sale price?

Mr. LUBBEN. I believe, sir, it is \$35,000 or \$40,000. It is on paper. I don't have the paper with me.

Mr. HALLEY. It is in that range?

Mr. LUBBEN. Yes, sir.

Mr. HALLEY. Who became your new partners?

Mr. LUBBEN. Mr. Giglio, Mr. Roth—not Mr. Roth. Mr. Giglio and Mr. Livorsi, and two or three other people on their side.

Mr. HALLEY. Was one of them Mr. Frank Loperfido?

Mr. LUBBEN. Yes, sir. He is a relation of Mr. Giglio's.

Mr. HALLEY. Did you bring some people into the business?

Mr. LUBBEN. Not in a true sense, sir. Louis Roth said, "You ought to put other people to match up the other people," so in reality, I put a couple of people in there. Mr. Stone was supposed to be on my side, but in reality he didn't have anything in it. I owned 50 percent of it myself, and nobody else.

Mr. HALLEY. Didn't Stone put \$10,000 into it at that time?

Mr. LUBBEN. I don't recall if he did. He earned it. I don't recall. He didn't put any money into the business.

Senator TOBEY. Do you want the committee to understand that you sold half your business on these representations made by them, by this group, under the consideration that you would get sugar contracts or resources, and that the contract was consummated and you sold out half the business, but you never got any sugar from them? Is that it?

Mr. LUBBEN. That is absolutely true.

Senator TOBEY. I see. Then what steps did you take to remonstrate this fraud?

Mr. LUBBEN. You see, this is my first venture in business for myself. In order to be on the square with your partners, I told them before the partnership was formed that I was buying sugar, and so forth, in the black market. That was the only reason I wanted them to be a partner in the first place, so they knew it. This was about April or May of 1945. So a tentative deal was made, but we don't sign the paper. I don't know, they had some reason, Mr. Roth had a reason for signing it later on at a later date. I honestly believe that he wanted to see whether I could justify the earning of the price he paid for it. The price that he paid for it, the company earned almost that much in the period. So in reality, I sold out—I got money back, but they had the money there that I had earned. In other words, they were a partner from April or May, or something, about a 4- to 6-week period, and during that time the company earned as much as that.

During this time, a number of people came into the office—I am better than no one else, but they were a little bit different than I would imagine the executives of the Doughnut Corp. would be. I started to get a little bit of cold feet. I expressed this to one of them. The next day a chap named Zwang came in to see me. He was from the OPA, a sugar investigator. He pounded on the desk and everything else. You can't very well kid one of those fellows, sir, when you know in your heart you are guilty. How can you lie to a man that you are not using black market sugar when you know you are?

Senator TOBEY. Just a minute, now, if you will excuse me 1 minute. Perhaps it is entirely wrong, but correct me if I am wrong. You made this deal with these fellows to take them in the business. How do you spell Doughnut?

Mr. LUBBEN. Just like you eat a doughnut.

Senator TOBEY. The Doughnut Corp. offices is where you met them, is that correct?

Mr. LUBBEN. No; they came over to my offices. The final papers and everything else were signed in the offices of Mr. Goldhill in the Doughnut Corp. of America.

Senator TOBEY. Was there any connection between these men and the Doughnut Corp., or was it just scenery that they used for it?

Mr. LUBBEN. That is a question that I have been asking myself: How can anybody allow things like that to go on in their office? Certainly, somebody must know something about it in the place there. You can't do those things without no one knowing anything about it.

Senator TOBEY. When Mr. Zwang came in—is that his name?

Mr. LUBBEN. Yes, sir.

Senator TOBEY. He is an OPA fellow?

Mr. LUBBEN. Yes, sir.

Senator TOBEY. He appears and gives you hell for black market operations?

Mr. LUBBEN. He asked me whether I used sugar or not.

Senator TOBEY. Who tipped him off?

Mr. LUBBEN. I don't know, but it will all come out in this thing how it adds up, sir.

Senator TOBEY. Was it your thought that this crowd that you went into partnership with tipped Zwang off?

Mr. LUBBEN. I certainly do. Mr. Zwang, I understand, is waiting for jail now.

Senator TOBEY. This is very interesting.

Mr. HALLEY. What happened after Zwang came in?

Mr. LUBBEN. Frank Loperfido came in at that particular time. Frankly, I was looking for anybody who would tell Mr. Zwang to shut up, because the girls out in the office were hearing about this thing, and it just wasn't very nice. So Frank Loperfido called up Mr. Roth from the office, and Mr. Zwang was going to come back tomorrow, and he was going to do this and going to do that. But Mr. Zwang never came back.

Senator TOBEY. Is Mr. Zwang in this room now?

Mr. LUBBEN. No, sir; not that I know of.

Senator TOBEY. Where is he, in jail?

Mr. LUBBEN. I read something in the paper that he got mixed up with some people on some more angles that he had on sugar.

Mr. HALLEY. Did you ever have any other difficulty with an OPA man named Grief?

Mr. LUBBEN. Yes, sir.

Mr. HALLEY. What happened on that occasion?

Mr. LUBBEN. When we touch on the corn sirup, we had what would be a legal ceiling price to resell the corn sirup. I went over to the OPA. They kept calling me over there to explain how I got my ceiling price. There was an angle there if you could base your ceiling price on what somebody else was doing. Take your price from that price, and then you were all right. So one day I had to go over and see this fellow Grief. He limps. I remember him. He asked me a lot of questions, and the questions didn't seem to me very much that he was interested in the ceiling price or any other thing. But he asked me a lot of personal questions pertaining to Mr. Giglio, what kind of person he was, and so on and so forth.

Mr. Giglio never bothered me, so I told him truthfully he is a very fine man as far as I knew, and so on and so forth, like that.

When I got back to the office, Mr. Giglio called me in his office and said, "How come you went to the OPA?" I said, "Roth told me to go." He said, "You don't have to go any more. Roth will handle that." He said, "I know everything that goes on in that office."

Later on, I think he did, because Mr. Grief, I think, later on became associated with him, or somebody from the OPA started getting mixed up, and Mr. Grief is mixed up with the Government right now in New York. I think he is going to go to jail, if he isn't there already.

Senator TOBEY. What is the name?

Mr. HALLEY. Mortimer Grief.

The CHAIRMAN. Let us go on and get the full story, Mr. Halley, and then we will come back and ask more detailed questions.

Mr. HALLEY. Did you find certain people in the premises of your company who didn't appear to know anything about the candy business and didn't seem to have any proper reason for being there?

Mr. LUBBEN. You mean after we signed the partnership arrangement?

Mr. HALLEY. Yes.

Mr. LUBBEN. Yes, sir.

Mr. HALLEY. Who were they?

Mr. LUBBEN. I don't think any of them knew anything about the candy business. The people there, the partners were there.

Mr. HALLEY. Did they put a man named Big Louie on the payroll?

Mr. LUBBEN. There was some fellow who came down from Cleveland, Ohio. He had a race track suit, a blue one with white stripes, a very nice fellow and so forth. You know, we were selling to women department store buyers, and so forth, and he just didn't look the kind that a woman buyer would buy from him. So I spoke to Mr. Giglio, and Mr. Giglio said he was one of his associates or somebody he knew, and he got rid of him. I didn't see him any more.

Mr. HALLEY. Then did you have John Ormonte there?

Mr. LUBBEN. John Ormonte worked up in the factory in the Bronx. He worked there for a couple of weeks, but we had some complaints. After all, we were in the candy business. We wanted to be in the candy business.

The CHAIRMAN. A little louder.

Mr. LUBBEN. I say, after all, I was in the candy business, and John Ormonte went up there, but he would want to come to work at 10 o'clock and quit at 1 o'clock, take 2 hours for lunch, and so forth. He was a very disturbing factor for the rest of the people. So I was asked by the man who was the superintendent of the plant to do something about it. I explained that he was a friend of Mr. Giglio's, and you can't very well—you know, if you have a 50-percent partner, you can't be arbitrary in everything you do.

So I spoke to Mr. Giglio, and he took him out of the plant. But he was continued on the payroll.

Mr. HALLEY. Shortly after the partnership was formed, did Giglio move your premises, your offices?

Mr. LUBBEN. He was building an office downtown at 19 Rector Street. We were up on Broadway, which is where our type of business should have an office. I mean, there are certain sections of New York where certain industries sort of get together.

Mr. HALLEY. You were up near Columbus Circle, is that right?

Mr. LUBBEN. Yes, sir.

Mr. HALLEY. He wanted to move all the way downtown, is that right?

Mr. LUBBEN. He had an office at 19 Rector Street. We moved in.

Mr. HALLEY. Your office was a very simple office uptown, was it not?

Mr. LUBBEN. We only paid, I think, \$135 a month for it.

Mr. HALLEY. Will you describe the new offices that you had at 19 Rector Street?

Mr. LUBBEN. It was a regular Hollywood suite. It was the latest word, sir, beautiful.

Mr. HALLEY. Describe it a little more. Did everybody have a private room, for instance?

Mr. LUBBEN. Yes, sir. It was very beautifully furnished. It was just gorgeous. It was a great big office, just a wonderful office.

Mr. HALLEY. Was there a bar in it, for instance?

Mr. LUBBEN. The bar was in Mr. Giglio's private office. Mr. Lawn had an office there. I had an office. Mr. Roth had an office. Everybody had an office. We had a lot of offices.

Senator TOBEY. Who arranged for these offices?

Mr. LUBBEN. They were started before I ever knew anything about becoming a partner. All I know is that the day after we moved in the office, Eatsum Food Products had to ante up \$10,000 for our share of them. We had to kick in.

Later on, I think we had to pay another \$3,000 or \$4,000. We were supposed to pay half of the expenses or a third of the expense, or something like that, a token of it. We got nicked for it.

Senator TOBEY. Who decided you were going to use these elaborate offices?

Mr. LUBBEN. Mr. Giglio said he wanted to have all of his operations under one roof.

Senator TOBEY. Did the directors vote on it?

Mr. LUBBEN. We didn't have any directors.

Senator TOBEY. Did the partners agree to it?

Mr. LUBBEN. I was a 50 percent partner. As I say, when you get in with a partner, I realized then I was in for trouble. I knew it then. You just try to make the best of the situation. There is no

sense going out fighting all the time. Sometimes you look for an opportunity to get out. I didn't want to move downtown, but I just didn't have any choice. So we moved.

Mr. HALLEY. Was it about that time that you had a conversation with Louis Roth, in which you told him you thought you wanted to get out?

Mr. LUBBEN. I wanted to get out a number of times, sir.

Mr. HALLEY. When you wanted to get out, did Roth tell you that the real boss of the organization was Frank Costello?

Mr. LUBBEN. He certainly did.

Mr. HALLEY. He told you that?

Mr. LUBBEN. Yes, sir.

Mr. HALLEY. Did you tell you that more than once?

Mr. LUBBEN. He told it to me at least a dozen times, that this was Mr. Costello's company. I don't know whether it is true or not, but Roth told it to me.

Mr. HALLEY. Did you ever meet Frank Costello in connection with the business?

Mr. LUBBEN. No, sir. I saw him at a night club one night.

Mr. HALLEY. What night club?

Mr. LUBBEN. The Copacabana. I never met him, never talked to him. I saw him.

Mr. HALLEY. Was he with any of your partners at that time?

Mr. LUBBEN. Yes, sir; he was.

Mr. HALLEY. Who was he with?

Mr. LUBBEN. With Mr. Livorsi.

Mr. HALLEY. Was Giglio there, too?

Mr. LUBBEN. Yes, sir, he was.

Mr. HALLEY. Did you join them?

Mr. LUBBEN. Later on I went over to the table. I had a man who was a supplier for our company, who sold us a lot of candy. I went over to the table and the man was gone. I stood there, and he said, "Sit down and join us." He says, "Somebody has just gone; the boss has gone," or something. I just sat down.

Mr. HALLEY. Did you personally know what Frank Costello looked like?

Mr. LUBBEN. No, sir, I never knew what Frank Costello's picture looked like until he got a picture in Time magazine.

Mr. HALLEY. Did they indicate to you that the man they had been with was Frank Costello?

Mr. LUBBEN. He just said "the boss." That could mean anybody. To me, later on in resurrecting these pictures in my own mind, I am convinced it was Frank Costello.

Mr. HALLEY. Then you and the Eatsum Co. got into the corn-sirup business, did you not?

Mr. LUBBEN. That is correct, sir.

Mr. HALLEY. Will you state how that occurred?

Mr. LUBBEN. A friend of mine came to me, and he had an idea. You see, corn sirup is also another great factor in the manufacture of candy, which was also another black market item. I mean, you had to pay for it if you wanted it. He had an idea that we could get these elevators to release the corn to the refinery, and if the refineries would make up the corn sirup, it was much better than going out and buying it.

Mr. HALLEY. Who was this man who came to you?

Mr. LUBBEN. His name was Major Ryan.

Mr. HALLEY. Did you introduce Ryan to Giglio?

Mr. LUBBEN. I did, sir.

Mr. HALLEY. As a result of those conversations, did you go into the corn sirup business?

Mr. LUBBEN. We arranged to buy some corn from elevators, whoever had it, and made arrangements with the refineries to grind the corn.

Mr. HALLEY. You couldn't get much corn from the elevators, could you?

Mr. LUBBEN. You could have all the corn you wanted.

Mr. HALLEY. Provided you paid certain money in cash over the legitimate price, is that right?

Mr. LUBBEN. That is correct, sir.

Mr. HALLEY. How did you arrange to pay the cash to the elevators or to the farmers?

Mr. LUBBEN. I arranged—Major Ryan and a Lieutenant Harris went out West and got some corn.

Before I did this, I had to go over and get a refinery that would grind the corn. I did do that. I arranged with a refinery. A bushel of corn will make 34 pounds of corn sirup, besides all the byproducts. At that particular time, the refineries in this country were just about closed down because no one was going to sell the corn.

Senator TOBEY. That was the sugar content of that corn sirup?

Mr. LUBBEN. The dextrose content; yes, sir.

So we got one of the refineries to grind the corn, and I think he gave me back, for every pound of corn that I could arrange that he could buy—we never bought the corn. We just gave somebody some money, who in turn would ship it to the refineries. The refineries were always very clean, if you want to call it that way. You had to close one eye when the other one was open. They knew where the corn was coming from.

They gave me back, they would arrange to sell me back at ceiling prices 16 pounds of corn sirup. Assuming that we had to pay 50 cents a bushel overage, which would be about 3 cents a pound, in reality the corn sirup would cost you about 9 cents instead of 6 cents, because you have already paid 3 over here, and you pay the refinery 6 cents, and you add them together and it is 9 cents. We got some corn sirup.

Mr. HALLEY. I would like to go through that with you again. First, what was the refiner who did most of the refining of this corn?

Mr. LUBBEN. At that particular time, sir, this particular transaction was with Penick & Ford, a very fine company, although later on every corn sirup refinery in the country, I believe, had deals of that type. Everybody was doing it, every candy manufacturer. The only way to get his corn was to go out and pay the farmer.

Mr. HALLEY. The farmer would sell directly to the refinery, is that right?

Mr. LUBBEN. No, sir. The farmer some places——

Mr. HALLEY. Or the grain elevator?

Mr. LUBBEN. Yes, sir. You just go in there, and if his grain elevator was full and he got what he wanted, he in turn would ship it to the



refinery, and he would give you the car number. The car went there. The refineries would pay him for the corn.

Mr. HALLEY. Let's see if we have the transaction straight. The refinery, then, would make a direct purchase at a legitimate price?

Mr. LUBBEN. At the ceiling price, after the elevator man had been subsidized.

Mr. HALLEY. In order to induce the elevator to release the corn to the refiner you picked, you had to send cash to the man who had the corn; is that right?

Mr. LUBBEN. Yes, sir.

Mr. HALLEY. The farmer had nothing to do with the price of the corn at all. That was just a premium you were giving him, a straight black-market payment; is that correct?

Mr. LUBBEN. Yes, sir.

Mr. HALLEY. When he got his cash, you would then arrange separately to sell the corn at the ceiling price to the refinery, is that correct?

Mr. LUBBEN. That is right.

Mr. HALLEY. The refiner would get a bushel of corn, which would produce 34 pounds of sirup. Am I right so far?

Mr. LUBBEN. Yes, sir; besides all the byproducts from which they got starch, oil, and a lot of other things that I don't know about.

Mr. HALLEY. The refiner had paid for that bushel of corn himself at the ceiling price?

Mr. LUBBEN. Yes. The refinery would sell whoever got him the corn, 16 pounds or 12 pounds or 10 pounds, whatever he cared to sell you. Then he had all of the rest of the products, plus the rest of that corn sirup, to sell to his other customers.

Mr. HALLEY. In other words, that was how the refiner got corn sirup to sell as well as other products to sell to his other customers?

Mr. LUBBEN. That is right, sir.

Mr. HALLEY. He would sell you back at the ceiling price 16 pounds of corn sirup?

Mr. LUBBEN. It varied with the refiner.

Mr. HALLEY. Per bushel. In figuring your cost on the 16 pounds, you had to add the premium that you paid the farmer or grain elevator to get the grain elevator to ship that corn on to the refiner?

Mr. LUBBEN. That is correct, sir.

Mr. HALLEY. We now have the transactions covered, I think.

What would you do with the corn sirup when you got it?

Mr. LUBBEN. We would use some in the plant up in the Bronx, in the candy factory, but then there was a great deal of sirup that could be sold legally. Of course, as I say, legally, you have to forget the fact that, in the first place, to get the corn you had to give somebody some money, but then you could sell it legally after you got it.

Mr. HALLEY. At a price fixed?

Mr. LUBBEN. At a ceiling price. You could do that by adding in a blend, by putting in some molasses, which we would do, a very slight amount, like one barrel of corn sirup and one cup of molasses.

Mr. HALLEY. That took it out of the ration table?

Mr. LUBBEN. That took it out of the rationing, and then you could establish a ceiling price. There was one set which we could have used.

Mr. HALLEY. You couldn't make enough money at the ceiling price?

Mr. LUBBEN. Oh, yes, sir, you could make just as much money as if you sold it the other way, exactly.

Mr. HALLEY. Why did you folks sell it the other way?

Mr. LUBBEN. Because Mr. Roth did not want me drawing checks for cash out of the business to pay some farmer or to pay people who in turn paid farmers or elevators.

Mr. HALLEY. You sold it in turn in an illegal way, is that correct?

Mr. LUBBEN. Well, I wouldn't say it was illegal, because the fact of how a customer pays for his merchandise, as long as Uncle Sam gets his tax, and nobody has cheated or anything else at all, and he gets value for his money, fine. But if you mean we sold it for cash and invoice, we did that.

Mr. HALLEY. That is right. Your invoice price was the ceiling price, wasn't it?

Mr. LUBBEN. No, sir. Our invoice price was the ceiling price for corn sirup, but this was not corn sirup.

Mr. HALLEY. You could have established a different price, but you didn't?

Mr. LUBBEN. That is right.

Mr. HALLEY. You sold it at the ceiling price of corn sirup and got an invoice for that?

Mr. LUBBEN. That is right. It could have been sold as a blend and gotten the cash price and the invoice price put together, you could have put it together and sold it as a blend of sirup and you would have been perfectly right and legal in doing it.

Mr. HALLEY. But you wouldn't have gotten the large sums of cash that you could put in the cash box, isn't that right?

Mr. LUBBEN. The cash that you had to have, you had in turn to pay out to the people who got you the corn.

Mr. HALLEY. Not all of it, though, isn't that the fact?

Mr. LUBBEN. There was some left there, sir.

Mr. HALLEY. We will get to that.

In selling it, then, you would invoice your corn sirup to somebody at a certain price, is that correct?

Mr. LUBBEN. That is correct, sir.

Mr. HALLEY. And that was paid in a check?

Mr. LUBBEN. Yes, sir.

Mr. HALLEY. And then the remainder of the price would be paid by cash?

Mr. LUBBEN. That is right, sir.

Mr. HALLEY. Am I correct in saying that for the most part, the transactions were at 6½ cents a pound invoice price, plus another 5½ cents a pound in cash?

Mr. LUBBEN. That sounds very right, sir.

Mr. HALLEY. Have you a recollection of the total amount of cash received as a result of those transactions during the last—would it be about 5 months of 1945?

Mr. LUBBEN. It was a tremendous figure sir.

Mr. HALLEY. Was it over \$400,000 in cash received?

Mr. LUBBEN. I would say so.

Mr. HALLEY. It was at least that much?

Mr. LUBBEN. Yes, sir, maybe more.

Mr. HALLEY. Do you recall the precise figure? It was \$410,000, wasn't it?

Mr. LUBBEN. I don't recall the figure, but it was \$400,000. It is a big figure, \$400,000, someplace in there, sir.

Mr. HALLEY. What was done with that cash?

Mr. LUBBEN. Most of the cash, or a great portion of it, had to go back, in turn, to buy more corn so you could get more corn sirup so you could do it all over again.

Mr. HALLEY. Let's see. You paid the farmer, I think you said, 3 cents a pound over the ceiling for your sirup?

Mr. LUBBEN. It started off at a quarter, but then it went as high, I believe, as 75 cents a bushel, which you had to give, not necessarily the farmer. I always understood it was the elevator, and the elevator, in turn, had to give some part of his to the farmer.

Mr. HALLEY. You were getting, on the average, 5½ cents over the ceiling, is that right?

Mr. LUBBEN. That is correct.

Mr. HALLEY. So there was a fair margin of profit.

Mr. LUBBEN. I would say there was a couple of cents.

Mr. HALLEY. A couple of cents on a pound?

Mr. LUBBEN. That is right.

Mr. HALLEY. What was done with that cash? Where was it kept?

Mr. LUBBEN. It was kept in the office there.

Mr. HALLEY. Who kept the cash?

Mr. LUBBEN. We started off, in the beginning, I did.

Mr. HALLEY. Did you keep it in a box in the office?

Mr. LUBBEN. Yes, sir. We had a little green cash box. Later on—

Senator TOBEY. Who had the key to it?

Mr. LUBBEN. I think I did, sir. Yes, I did. I would say the first week or 10 days of the operation.

Mr. HALLEY. Then who kept it after that?

Mr. LUBBEN. Mr. Loperfido.

Mr. HALLEY. Where did he keep it after it went into his hands?

Mr. LUBBEN. He had a private office, and he kept it in his desk for a while, and then later on he used to put it in Mr. Giglio's office.

Mr. HALLEY. Where was it kept in Mr. Giglio's office?

Mr. LUBBEN. There was a panel in back of the bar in the wall there. This bar, I think, kind of slid back, and there was a panel. He used to keep it in there.

Mr. HALLEY. You mean this was a secret panel in the bar?

Mr. LUBBEN. I would call it—it is kind of in the wall. I would say it was secret; yes, sir.

Mr. HALLEY. That is in Giglio's office?

Mr. LUBBEN. Yes, sir.

Mr. HALLEY. Giglio, himself, kept the box there, is that correct?

Mr. LUBBEN. He knew of it.

Mr. HALLEY. Did you ever see Giglio handle that cash box?

Mr. LUBBEN. No, but he used to come in the office when Frank was counting the cash, and so forth, and bringing it in. I don't know whether he specifically picked up the box or not, but it was common knowledge that we had a box.

Mr. HALLEY. Frank Loperfido was Giglio's cousin, is that right?

MR. LUBBEN. That is what I was told.

MR. HALLEY. Did all of you from time to time take certain amounts of cash out of the box for various purposes?

MR. LUBBEN. Yes. We had to send money out to the West or somebody would take cash out, and we would take it from the box and send it out there, taking it out of the box.

SENATOR TOBEY. How big was the box?

MR. LUBBEN. One of these little ones you buy for a dollar and a half.

SENATOR TOBEY. How much money did you have in there at the top?

MR. LUBBEN. The last time I knew about it there was \$140,000 in there.

SENATOR TOBEY. That money was received as premiums?

MR. LUBBEN. Yes, sir.

SENATOR TOBEY. Did that show up in the income-tax returns?

MR. LUBBEN. I think you are going to get that answer a little later on, sir.

MR. HALLEY. Did the time come when you thought it necessary to make a break with Giglio and Livorsi?

MR. LUBBEN. Yes, sir.

MR. HALLEY. Will you state the circumstances?

MR. LUBBEN. I had been looking for a way to get out of this business situation I think almost within a week after I went in the situation. I would have taken any loophole to get out. I wanted to get away from it. I was—you know, I used to import a great many pounds of Cuban candy, I think maybe 10, 11, or 12 million pounds of candy. I would buy it for 14 cents and could sell it for 21½. It was a perfectly good deal. That was legal at Government ceiling prices. I was down in Cuba arranging with some of the suppliers to get this candy, and I got a telephone call down there that there were some shenanigans going on and I think you should get back here. It specifically didn't make a great deal of difference to me what shenanigans were going on, I didn't care. I did come back, and it seems that one of the things that was going on was this Major Ryan had an idea where he was going to buy some blankets or war surplus. As I get it, he went to Mr. Giglio and Giglio said you have always been working with Dave, why don't you work with him? Ryan is supposed to have said, "Well, Dave, what the hell, he is only interested in sales. He is not interested in money. He is just trying to see how many dollars worth of goods he can sell." That is a disease of salesmen, sir. So he says, "He is not interested in this. Why don't you and I make a deal together."

Whether they did or whether they didn't, I don't know but I know a deal was thought of. So I went to a man that I knew and had borrowed some money from. I borrowed \$12,000.000 from this man during the time I was in business. He was a banker. I don't owe him any money. I kind of leaned upon him for advice. He knew me when I was in business by myself. So he said, "What do you want to accomplish?" I said, "I want to get away from this situation."

He said, "Any price is what you can do."

I went back to Giglio and said, "We don't see eye to eye. Let's break up the situation."

When they came in with me we broke it up 50-50. They bought 50 percent of it. In fact, they later on charged me back about \$23

because they claimed that some raisins I had in the warehouse shrunk a little bit. They were that methodical. They wouldn't split with me 50-50 because I had a 5-year partnership contract with them, a 5-year deal. I had been with these people close to 9 months. I could go to court, sure, but I didn't want to get up in the court knowing what happened as it comes out today. I probably would have been better off if I had gone to court, but I didn't want to go to court to admit the fact that I was buying, that I had bought black market sugar. I was kind of over a barrel. If a man has a gun, sir, you are not going to tempt him to pull the trigger. Maybe they would or maybe they wouldn't, but I had a lot to lose.

Senator TOBEY. The thing that seems to me strange about your case—as a witness you have been very frank——

Mr. LUBBEN. I am not proud of being here, sir.

Senator TOBEY. Let me tell you the thing that puzzles me about your testimony. You testify you have had this business and all of a sudden this bird comes to you and wants to come in partnership with four or five fellows being in. They offer you as a bargain price a \$14,000,000 sugar contract or resources——

Mr. LUBBEN. Fourteen million pounds that they had gotten.

Senator TOBEY. You gave away half your business to those fellows on that potential, did you not? You look like a man who has more horse sense than that. In the first place, the men themselves didn't appeal to you very much as men, their looks and backgrounds, and so forth. Yet you went into business with them. They fixed up the offices. They took over half your business on a potential of 14 million which you never saw.

Mr. LUBBEN. I wasn't going to get the 14 million at no time at all.

Senator TOBEY. Who was going to get it?

Mr. LUBBEN. That was their own business. They had got that.

Senator TOBEY. What were you going to get out of it?

Mr. LUBBEN. I was going to get a sugar quota out of it.

Senator TOBEY. For that you sold half your business to a gang of fellows that you wouldn't do business with ordinarily.

Mr. LUBBEN. I didn't know they were hoodlums at that time.

Senator TOBEY. You could look at them, could you not?

Mr. LUBBEN. I didn't see some of the people at the particular time.

Senator TOBEY. There is a missing link, Mr. Chairman. One more question, Mr. Chairman.

Was this mysterious lawyer that you told about who claimed to be Mr. Truman's campaign manager from Missouri? Was his name Paul Dillon? Does that refresh your memory?

Mr. LUBBEN. I was introduced to him by Lieutenant Harris, to whoever this man was.

Senator TOBEY. Does that name strike any chord in your mind?

Mr. LUBBEN. I wouldn't want to say whether it does or not.

Senator TOBEY. Did you ever hear the name Paul Dillon?

Mr. LUBBEN. No, sir.

Senator TOBEY. You cannot think of the fellow's name? Do you think after you leave this sacred quarters here and sit alone with yourself, perhaps with a cigar or cigarette, you will be able to think of his name?

Mr. LUBBEN. I don't smoke, sir, but I will try to think of it.

Senator TOBEY. Suppose you try to do it.

Mr. LUBBEN. I will try very hard. I will be very happy to come over to your office and see if I can't find Lieutenant Harris and ask him what the man's name was.

Senator TOBEY. That is fine. That is very important.

Mr. HALLEY. On what basis did you finally get out?

Mr. LUBBEN. Senator, you are trying to ask for a missing link. This is the basis on which I got away from these people. I wanted to get away on a basis of 50-50, but that would not do because we had a 5-year contract, and "We are very happy with your services." Mr. Giglio told me. The only way I could do it, I gave them all the cash that was in the business, all of the money in the bank. I gave them all of the accounts receivable, and I gave them all of the inventory. I gave them everything. Mind you, I owned 50 percent of this. Just to get back the few lousy pieces of machinery that I had up in the Bronx the lease that I had when I went in with them, provided I gave them everything, that they would pay my income tax for the 9 months in which I was a partner. I went to some very ethical lawyers. That was the total outcome of the deal. I went back to my friend Milton Blumberg. I said this is the only way in which they will do it. Later on they almost tried to renege on that.

Senator TOBEY. If you wanted to get away from this crowd and didn't know how to do it but finally did, did you have at any time a sense of apprehension and fear that if you did not play ball and do what they said, they might do physical harm to you?

Mr. LUBBEN. I did, yes, I did. That was the reason I wanted to get away from them.

Senator TOBEY. All right.

Mr. LUBBEN. So I gave them everything that we had except this plant. Then I turned around and I bought the inventory back for three hundred and some-odd thousand dollars. These are facts, Senator. You can ascertain them, because I borrowed the money.

The CHAIRMAN. Let's get the amount of what you turned over to them in order to get out.

Mr. LUBBEN. These figures are not exact, but to my knowledge there was close to \$200,000 in the bank.

The CHAIRMAN. Was that in the bank or in the box?

Mr. LUBBEN. No, in the bank. We had an inventory in the neighborhood of around \$300,000, maybe a little bit more. These figures for inventory were in our contract, because that was a stipulation that I buy it back dollar for dollar. We had around \$300,000 worth of accounts receivable. That is about \$800,000, plus the fact that there was \$140,000 in the box. I know it was \$140,000 because when I came back from Cuba Frank Loperfido told me that there was \$140,000 in the box. I saw \$140,000 in the box. Then I started to negotiate to get out of the company. During this negotiation one day we had a need for some cash for somebody that wanted something, and I went to Frank to get the money, and he said that the money had been taken home and was in Mr. Giglio's safe for safekeeping, that Giglio had thought it was too much money to leave lying around.

So I never thought of any apprehension because all during this time that we were discussing it there was never any mention made of the money in the box. I had counted on some of that money, half of the

money, which I had considered mine to use for operating capital when I was away from them. So the day that we signed the papers I said "What about the money in the box?" Mr. Giglio said, "What money?"

I said, "The money that we had in the box."

He said, "I don't know anything about it."

I said, "Stop kidding me."

He said, "You know we had OPA trouble."

I said, "I don't know anything about it, but certainly you had not \$140,000 worth."

In that office that day were Frank Livorsi, John Ormonte, and a couple of other people. I looked around there and Giglio said "You are not going to get my money. You are lucky we don't charge you for some other things around here. We ought to get more back. You are getting too good a deal."

So I walked out and I never went back into that office until Giglio called me down there one time later on a couple of months later in which he wanted me to endorse some salary checks made out to my name that I was suppose to get. I would not do it because I didn't get the money.

Mr. HALLEY. Was the inference that the \$140,000 or a large part of it had been paid out to clean up OPA trouble?

Mr. LUBBEN. Yes, sir.

Mr. HALLEY. Had you had any similar experiences of giving large sums of money to call off trouble? Did you have a similar experience with the ATU, the Alcohol Tax Unit?

Mr. LUBBEN. Later on, sir, when I got with myself, got away from it, and I changed the name of my company, when I was away from these people, I still had to buy some black-market sugar. I had bought one small company for \$300,000 to get 15 or 20 bags, a legitimate quota, hoping I might be able to build on that one a plea of hardship. Roth would call up. Part of this money in this inventory was on notes. These are all facts, sir. They are all notes. Every week he would call up about the money. How are things doing? You were always afraid to tell the man. First we would say we are doing all right. If you did, the next day ATU would send a man out there with an umbrella. You tell me, sir, I don't mean to ask you, forget the question—How can you feel easy when an ATU man is there? Later on they were checking for who was using sugar. The Alcohol Tax Unit originally doesn't care what you do with sugar as long as you don't make alcohol. I never made any alcohol. He would come around there and he would check you. "Well, you know, I have word here that you bought 50 bags or 100 bags."

Then Louis would call on the phone, "How are you getting along? Anything I can help you with?"

"Sure, there is an ATU man out here."

You would have to give Louis Roth \$7,500 to call him off.

Senator TOBEY. Did he make that statement in his direct testimony?

Mr. HALLEY. He made the statement under oath. You have heard it.

Senator TOBEY. Is that your statement, are you telling that as an anecdote or are you now testifying directly that you did pay Louis Roth \$7,500 to get it off?

Mr. LUBBEN. I am telling the truth here.

Senator TOBEY. Then you did pay Louis Roth \$7,500 for getting this ATU man off?

Mr. LUBBEN. This is after I gave them everything and I had my own business for myself then.

Senator TOBEY. Who was the ATU man they got off?

Mr. LUBBEN. I don't know what the fellow's name was. He is a baldheaded guy. I don't know.

Senator TOBEY. That would cover a lot of us.

Mr. LUBBEN. What?

Senator TOBEY. That would not be definite enough, baldheaded. A lot of Senators are baldheaded.

Mr. LUBBEN. He is an Italian chap. I don't know whether he just made an ordinary examination or whether he did not make an examination.

Senator TOBEY. Was he a phony?

Mr. LUBBEN. Oh, no.

Senator TOBEY. He was the real thing.

Mr. LUBBEN. Oh, yes, sir. Anyway, after Roth would get the \$7,500, you would not hear of him again for a while until Roth got hungry for more money.

Senator TOBEY. Would you know this man if you saw him again?

Mr. LUBBEN. Oh, yes, sir.

Senator TOBEY. I see.

Mr. LUBBEN. I paid Roth several times.

Senator TOBEY. You paid Roth several times?

Mr. LUBBEN. Yes, sir.

Senator TOBEY. How many altogether?

Mr. LUBBEN. I think twice \$7,500, and once I tried to get—I talked to an attorney who was Roth's attorney. His name was Jim Ronayne.

Senator TOBEY. How do you spell that?

Mr. LUBBEN. He is here, sir. Ronayne, R-o-n-a-y-n-e. I went down to see him to see if he couldn't get Roth to leave me alone because he was only breaking us. We weren't making money that fast. He did. I gave him \$7,000 or \$7,500. It was taken down by somebody else. These are facts. Mr. Ronayne got the money and at least nobody else came around to bother us. Shortly after that I did buy out a company that had a very substantial sugar quota, and I junked that machinery and from then on I was free. I had a quota.

Senator TOBEY. Did you feel like saying "Good riddance"?

Mr. LUBBEN. I felt, sir, like I had just made a good clean confession. For the first time in a long time I was able to sleep.

Senator TOBEY. You make me kind of sorry that I voted for price controls last night, opening up this vista again. History might repeat itself.

Mr. LUBBEN. If anybody wants to know where the angles were in your price control, sir, you ought to get somebody like us who have been through the ropes, and we will tell you where there are loopholes. I don't say that disrespectfully. I say that in all sincerity.

Mr. HALLEY. At the time you left your partners, I think you recited that there was \$800,000 in assets, consisting of \$200,000 in the bank——

Mr. LUBBEN. These figures can be ascertained about the bank money because since then the internal revenue has started to work on them.

Mr. HALLEY. What is your best recollection?

Mr. LUBBEN. I would say that there was close to \$800,000. I gave a statement, I gave the last statement that I knew of the company, of



the partnership, to the internal revenue, which showed how much was there.

MR. HALLEY. In addition to the \$800,000, would you say that there was \$140,000 in cash at the time you left the company?

MR. LUBBEN. Yes, sir.

MR. HALLEY. Making a total of \$940,000?

MR. LUBBEN. That is correct. I would say maybe it is \$700,000, \$750,000, but it was a lot of money, sir.

MR. HALLEY. That would not include any additional assets that Tavern Fruit Juice had, is that correct?

MR. LUBBEN. I knew nothing about Tavern Fruit Juice. That was their own thing. Where we ever entered in with Tavern Fruit Juice is where Tavern Fruit Juice would bill us for the jelly and we in turn would bill it again. The small amount of profit we made, which was a legal profit, there was a ceiling price on it, that money we in turn paid out most of it to a broker who in turn got the sugar for Tavern Fruit Juice. Eatsum made a small profit.

MR. HALLEY. As part of your settlement deal, the tax was to be paid by Eatsum?

THE CHAIRMAN. Let's get it clear, Mr. Halley. You turned over all this \$940,000?

MR. LUBBEN. I just didn't turn it over, sir. I just walked out on it.

THE CHAIRMAN. I believe these partners that you acquired shortly before paid about \$45,000 for their interest: is that correct?

MR. LUBBEN. Yes, sir; something like that.

THE CHAIRMAN. They did not actually pay that because over the time they were going to pay it the company earned that much money?

MR. LUBBEN. They finally did pay it, but they were certain that they weren't going to lose any money when they did buy it. There was money for their half in the bank to about offset what they gave me.

THE CHAIRMAN. \$45,000 plus the profits during that time, \$940,000, over how long a period of time?

MR. LUBBEN. Nine months.

THE CHAIRMAN. All right, go ahead.

SENATOR TOBEY. You got nothing for it, did you?

MR. LUBBEN. I got a lot of experience.

SENATOR TOBEY. And a lot of grief?

MR. LUBBEN. But understand, sir, I learned the hard way. Getting back to this situation here, it was a good bargain: it was a wonderful bargain; it was the best bargain of my life. I should have made it 8 months sooner and I would have been a lot better off to get out of the situation.

They were supposed to pay my tax. When the time came for the tax to be paid—my personal income tax for the amount of money that I drew out of the money—this was all set up very legal; they weren't going to let themselves get roped into anything that I had made anywhere else in another company or anything else, but they worded all these things up with a very reputable firm of New York attorneys that Mr. Blumberg recommended and Mr. Blumberg sat in on the deal. He is a very fine man. They were going to pay the tax when it came due in 3 or 4 or 5 or 6 months. You have so many days to pay the tax or something. When the time came to pay the tax, I had walked out

of there and left all the books and all the records and everything else there. In addition to that, they were supposed to pay the accounts payable of the company when I left. They had to pay that. I had to pay—I mean these figures I believe, sir, can be ascertained by an examination of the books—anywhere from twelve to twenty thousand dollars' worth of accounts payable that Mr. Roth would not pay. I mean people who had legitimate claims on the company, something that was purchased that wasn't any good, freight bills, and so forth. The fact that I was a partner in the company and then got away from these people and started in again and I did business with the same people—if these people did not pay, I was still morally responsible to pay those bills. My people, the suppliers, were not interested in any continuity. They were interested just in getting their money. In order for us to secure their services, we had to pay the bills which he was supposed to pay, which he never paid. He was supposed to give us back our money for it, which we never got back.

Mr. HALLEY. What was the income on which you were to pay a tax?

Mr. LUBBEN. We went after him repeatedly, sir, to see the records so we could compile the tax. This was refused. I sent him registered letters and everything else, the accountant did, and we couldn't do it. The time came to pay the tax, so we resurrected—that is, we went over my personal income blanks and so forth, and to the best of our ability we filed a return. I attached a copy of my contract, of the contract when I parted with these people, to my income-tax return, because I didn't have the money to pay it at the particular time. I made part of it. I put this in a letter and I recognized the fact that Uncle Sam holds nobody else responsible to pay my tax but myself, but I attached the contract and I think it was from that contract that this thing blew up. We stated what happened, and they wouldn't give me any access to the books. They claimed they didn't have the books, and so forth. That is the story.

Mr. HALLEY. Was your income from Eatsum during the fiscal year you were with them about \$100,000?

Mr. LUBBEN. No, sir; it was not.

Mr. HALLEY. They so claimed, did they not?

Mr. LUBBEN. Yes, sir; they did.

Mr. HALLEY. What do you say it was?

Mr. LUBBEN. I believe—I don't have any return here, but it was much, much less than that. I understand they filed some kind of return showing that I got about \$120,000. I never signed that return.

Mr. HALLEY. If they had given you your share of what they admitted you earned—

Mr. LUBBEN. I would have been very happy.

Mr. HALLEY. And your income would have been about \$100,000; is that correct, if you had gotten your share of what they admitted they earned?

Mr. LUBBEN. I don't know how much they admitted they earned, sir. I never saw that statement until some time later, about a year ago or 8 months ago.

Mr. HALLEY. You understood your share of it was to be about \$100,000; is that right?

Mr. LUBBEN. That is correct, but I did not get it.

Mr. HALLEY. One last thing. Would you state how the money was gotten out to the Midwest to pay the over-the-ceiling premium for the corn? How was that handled?

Mr. LUBBEN. Major Ryan handled part of it with Lieutenant Harris, and the other part of it was handled by some friend of Mr. Giglio's. I think his name was Red.

Mr. HALLEY. Big Red, was he called?

Mr. LUBBEN. I don't know his last name, but I met him once and he seemed to be a very fine fellow.

Senator TOBEY. It sounds like a man of war.

Mr. LUBBEN. He was a very warm friend of the Governor of Minnesota.

Mr. HALLEY. How did you send the cash out West?

Mr. LUBBEN. I had somebody in the office who worked for us wrap it up in a package and send it out, or Mr. Loperfido would take it out. They would come in and get it. Various ways.

Mr. HALLEY. Would you send your employees on a trip out west with a bundle of cash? Is that what would happen?

Mr. LUBBEN. Oh, yes, sir.

Mr. HALLEY. How often did that happen?

Mr. LUBBEN. I guess two or three times. I had one man in my employ take it out for me.

Mr. HALLEY. Will you name the person who took the cash out?

Mr. LUBBEN. His name is William Heitman.

Mr. HALLEY. William Heitman.

Mr. LUBBEN. That is correct.

Mr. HALLEY. Would you have the cash wrapped in a bundle and delivered to him?

Mr. LUBBEN. Yes, sir.

Mr. HALLEY. You would tell him where to take it, is that right?

Mr. LUBBEN. Yes, sir. I would say, on one particular occasion he went to Kansas City, I remember, and he met Lieutenant Harris out there. I think he went to Salina, Kans., and another particular time he went some place up in Wisconsin to meet this fellow Red, who was with Frank Loperfido.

There is one other thing about this, sir. I filed my return. I realize it, and I am working on it to pay it off. I wasn't going to do anything about Mr. Giglio, but I happened to get a lawyer who had a little guts. I told him the story, and he said, "Well, let's sue Mr. Giglio." So we did. This was maybe a little over a year ago. We had Mr. Giglio come down to this lawyer's office after he got a summons. We told him as far as I am concerned I am looking for \$17,000 plus the fees, whatever the tax penalties are going to be. It would be around \$25,000. In the presence of my attorney Mr. Giglio said, "Why don't you make it \$100,000?"

I said, "You don't owe me any \$100,000."

He said, "Well, go ahead and take it, I am going to make some money. Go ahead and take it. File a claim for \$100,000."

We wouldn't do it. It didn't make much sense at the particular time. Anybody who wouldn't pay us \$25,000, wouldn't pay when you got a judgment for \$100,000. It didn't make much sense until later on I found out that Mr. Roth had filed a partnership return showing that I was supposed to have gotten \$100,000. I never saw

that return. They never showed it to me. This was filed after I left these people. So Giglio was supposed to start paying. When the time came to pay here, he filed a personal petition of bankruptcy.

The CHAIRMAN. Who filed the petition of bankruptcy?

Mr. LUBBEN. Mr. Giglio. He just filed it.

So there isn't going to be any \$25,000 for me. I know that because I think Uncle Sam has a prior claim for about \$386,000.

The CHAIRMAN. The committee will stand in recess until 2 o'clock this afternoon.

(Whereupon, at 12:30 p. m. the committee recessed until 2 p. m. the same day.)

#### AFTERNOON SESSION

(Whereupon, at 2:15 p. m., the committee resumed pursuant to the taking of the noon recess.)

The CHAIRMAN. The committee will come to order.

The chairman wishes to make clear as we have in other hearings that in all of these hearings we endeavor to have in executive session the testimony of the witnesses, in the first place to find out what the story is and in the second place to avoid, to the extent that we can, the use of people's names that may not have any connection with the matter and which might cause them some embarrassment. Of course other names being brought out is the inevitable result. And it always happens in hearings of this kind. We want to be very fair, as fair as we can be with anybody who feels that his name is being improperly used and that there have been wrong insinuations about his connection with some matter, or that he has been maligned or that falsehoods have been told about him. So if anybody is in that situation, if he will speak to the committee or to the counsel, we will as quickly as possible on the same day in which their names have been used, give an opportunity to make any explanation or to refute any statement which has been made.

We are very hopeful that we can finish this hearing this afternoon, so we will go through the main witnesses as quickly as we can.

Another thing, gentlemen, the press photographers, we feel that if a witness doesn't want to have his picture taken at the time he is testifying or while he is before the committee, that is a privilege which should be granted him. Obviously Mr. Lubben didn't want to have his picture made while he was on the witness stand. If you talk with him otherwise, that is a matter between you and him. Mr. Lubben will come back to the stand, and I regret that it is not agreeable with him and I cannot let you take his picture at this time.

#### FURTHER TESTIMONY OF DAVID GEORGE LUBBEN, WOODCLIFF LAKE, N. J.

Mr. HALLEY. Mr. Lubben, I believe that when you left the stand you had promised the committee you were going to try to find the name of a lawyer with whom you had dealt here in Washington.

Mr. LUBBEN. Yes, sir.

The CHAIRMAN. Do you have that name?

Mr. LUBBEN. It is Victor M.—I can't recall his last name, but I gave you the name.

Mr. HALLEY. M-e-s-s-e-l, was it? Was the name you gave me M-e-s-s-e-l?

Mr. LUBBEN. Yes, sir.

The CHAIRMAN. You are sure that is his name?

Mr. LUBBEN. Yes, sir; that is the man's name.

The CHAIRMAN. All you know about his connection is what he told you; is that true?

Mr. LUBBEN. That is correct, sir.

Mr. HALLEY. Since you have the name, would you state as carefully as you can what your transactions were with him?

Mr. LUBBEN. It was that somebody else might be in position to arrange a sugar quota for us. Lieutenant Harris took me to him. He was going to try to use his good graces to arrange such a quota.

Mr. HALLEY. Did you pay him a fee when you first went to see him?

Mr. LUBBEN. I don't know whether it was the first time or the second time, but I gave him some money, sir.

Mr. HALLEY. How much money did you pay him?

Mr. LUBBEN. I don't have access to my books at the time, but it seems in the neighborhood of a thousand dollars. That figure seems to be in my mind.

Mr. HALLEY. What did he do for that or say he would do for it?

Mr. LUBBEN. He wrote me a couple of letters. Somehow or other I just felt that we weren't the client that he thought we were. In other words, when I talked to him, he ran off a number of names of people that he said he was associated with. I don't remember who they were, but they were big companies. He started talking about these big companies he represented, and I didn't see where he was going to get that money out of us.

The CHAIRMAN. You mean you were not as big a client as he thought you were? Is that the idea?

Mr. LUBBEN. That is correct, sir.

The CHAIRMAN. You did not know what he did, but he did not get the sugar quota?

Mr. LUBBEN. No, sir. I made one or two visits to his office after that, and nothing was ever forthcoming from it.

The CHAIRMAN. You might as well tell who Lieutenant Harris is. You have been mentioning him.

Mr. LUBBEN. He was a chap who used to work at the Kroger Grocery & Baking Co. When he got out of the service he happened to be a friend of Major Ryan's, and he would come over to see me.

The CHAIRMAN. So you brought him into the business, is that it?

Mr. LUBBEN. No, I didn't.

The CHAIRMAN. He was an associate of yours in Kroger?

Mr. LUBBEN. I met him once or twice at Kroger, but he was an associate of Major Ryan because he really worked for Major Ryan.

The CHAIRMAN. Who is Major Ryan?

Mr. LUBBEN. He also came from Kroger.

The CHAIRMAN. What is his first name?

Mr. LUBBEN. Charlie, Charles.

The CHAIRMAN. Was he the one that had some connection with Sears, Roebuck and Montgomery-Ward?

Mr. LUBBEN. Yes, sir. When Mr. Avery had some trouble with labor Major Ryan was one of the people appointed to run their store in Jamaica. He was a good merchandise man.

The CHAIRMAN. All right, Mr. Halley.

Mr. HALLEY. I have nothing else. Is there anything else you wanted to say?

The CHAIRMAN. I think I should say Mr. Lubben impresses the chairman of the committee as having made a forthright statement. We do not condone the business that you were in, but I think you have made a clean breast of the whole matter. I hope that you are able to carry on the legitimate business that you have got in since that time.

Mr. LUBBEN. Sir, I made a very great mistake sometime ago, but believing these people and what they represented, and so forth, I believe I have demonstrated by walking out on the amount of money—

The CHAIRMAN. You listen to any additional statement like that that you care to. I will be back in just a minute.

Mr. HALLEY. We will suspend until the Senator returns.

(Brief recess.)

The CHAIRMAN. The committee will resume.

Mr. Lubben, just answer from where you are. Lieutenant Harris and Major Ryan were not in uniform or not active in the service at the time they were working for you?

Mr. LUBBEN. No, sir; they were not.

The CHAIRMAN. Do you have any other statement you wanted to make, sir?

Mr. LUBBEN. No, sir, I don't.

The CHAIRMAN. Mr. Messel, I believe you wished to make a statement.

(No response.)

The CHAIRMAN. Mr. Ketcham, did you want to make any statement? We want to give you a full opportunity.

Mr. FRANK S. KETCHAM (attorney at law, 2000 Massachusetts Avenue, Washington, D. C.). I think Mr. Lubben sufficiently clarified his position when he added a few remarks after he first testified this morning.

The CHAIRMAN. I just wanted to give you an opportunity.

Mr. KETCHAM. I am satisfied. I am not implicated in anything. Thank you.

The CHAIRMAN. All right, sir.

Mr. HALLEY. Mr. Messel was here, I am told, but he has gone.

The CHAIRMAN. Mr. Messel is not here now?

Mr. HALLEY. Mr. Michael Cohen, will you come around. Will you hold up your hand, sir. Do you solemnly swear the testimony you will give the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COHEN. I do.

#### TESTIMONY OF MICHAEL COHEN, BROOKLYN, N. Y.

Mr. HALLEY. Your full name is Michael Cohen?

Mr. COHEN. That is right.

Mr. HALLEY. What is your address?

Mr. COHEN. 275 Linden Boulevard, Brooklyn.

Mr. HALLEY. What is your business?

Mr. COHEN. Right now I am in the vending business.

Mr. HALLEY. Coin machines?

Mr. COHEN. Nickel drinks.

Mr. HALLEY. Vending drinks?

Mr. COHEN. Vending drinks.

Mr. HALLEY. You were formerly in the sugar broker business?

Mr. COHEN. I never was a sugar broker.

Mr. HALLEY. What was your business?

Mr. COHEN. I was a broker for oils, for the E. F. Drew Co.

Mr. HALLEY. Were you ever in partnership with a man by the name of Joe Iger?

Mr. COHEN. Joe Iger——

Mr. HALLEY. I-g-e-r.

Mr. COHEN. Right.

Mr. HALLEY. In what business were you with Iger?

Mr. COHEN. He was in the food business, food broker in the food business.

Mr. HALLEY. During what year was that?

Mr. COHEN. I think 1944 or 1945.

Mr. HALLEY. While you were in business with Iger did you meet a man named William Giglio?

Mr. COHEN. Yes.

Mr. HALLEY. Will you state how that happened?

Mr. COHEN. A friend of mine by the name of Sid Kurtz introduced me to him.

The CHAIRMAN. Speak louder. I want to ask you, do you object to having your picture made or not?

Mr. COHEN. I object to it. I would sooner do without it.

The CHAIRMAN. You do not want your picture made while you are testifying?

Mr. COHEN. That is right.

The CHAIRMAN. I am sorry, boys.

Mr. HALLEY. Will you state how you came to meet Giglio?

Mr. COHEN. A fellow by the name of Sid Kurtz had an office in the General Motors Building, New York, and that is where I met Giglio.

Mr. HALLEY. Who introduced you, Kurtz?

Mr. COHEN. Sid Kurtz.

Mr. HALLEY. With Giglio did you meet a man named Sidney Kohn?

Mr. COHEN. That is right, both of them at the same time.

Mr. HALLEY. Kohn was in the Bronx Home Products business?

Mr. COHEN. Yes.

Mr. HALLEY. With Kohn and Giglio what discussion did you have about the Bronx Home Products?

Mr. COHEN. We were just brokers selling sirup to him for 2 cents a gallon, which is about a dollar a barrel.

Mr. HALLEY. Did you buy sirup from Bronx Home Products?

Mr. COHEN. No. We were selling for him through jobbers. We didn't buy ourselves.

Mr. HALLEY. You would receive a commission?

Mr. COHEN. Yes, we would get approximately 2 cents a gallon which is a dollar a barrel.

Mr. HALLEY. What kind of sirup did they sell?

Mr. COHEN. Thirty-six-Beaumé sirup.

Mr. HALLEY. Is that a corn sirup?

Mr. COHEN. No, a sugar sirup.

Mr. HALLEY. Shortly after that, did you introduce Giglio to Louis Roth?

Mr. COHEN. Yes, sir.

Mr. HALLEY. How long had you known Louis Roth?

Mr. COHEN. I had known Roth about 15 or 20 years. We live in the same neighborhood.

Mr. HALLEY. Had you met him just prior to that in connection with some transaction?

Mr. COHEN. Louis Roth?

Mr. HALLEY. Yes.

Mr. COHEN. I met him in my former partner's office.

Mr. HALLEY. In Iger's office?

Mr. COHEN. Right.

Mr. HALLEY. What was Roth doing for Iger at that time?

Mr. COHEN. He was handling an OPA case for him.

Mr. HALLEY. Handling an OPA case for Iger?

Mr. COHEN. That is right.

Mr. HALLEY. Did you then become friendly with Roth or renew your acquaintance?

Mr. COHEN. Yes. I was friendly with him for 15 years.

Mr. HALLEY. Did you then introduce Roth to Giglio?

Mr. COHEN. That is right.

Mr. HALLEY. Will you state the circumstances and what happened?

Mr. COHEN. I spoke to Sidney Kolm and Bill Giglio about Louis Roth, and we made an appointment. We met in New York someplace, in a hotel.

Mr. HALLEY. Do you remember having said to them—and I will quote from your statement made some days ago—"You fellows are working for nothing. You are paying 12 cents for your black-market sugar and you get nothing out of it"?

Mr. COHEN. That is right.

Mr. HALLEY. You said that to them?

Mr. COHEN. That is right.

Mr. HALLEY. Did you tell them, if they had a smart man working with them, maybe they could develop into an industry?

Mr. COHEN. If they had a man like Louis Roth, I figured they could do a good job with him.

Mr. HALLEY. You went to a suite that Giglio and Livorsi had at the Park Central Hotel?

Mr. COHEN. Yes.

Mr. HALLEY. You had Roth with you; is that right?

Mr. COHEN. Yes; Roth and Joe Iger and a couple more fellows were there.

Mr. HALLEY. What arrangements were made at that time?

Mr. COHEN. They were talking it over. No arrangements were made that day.

Mr. HALLEY. But as a result—

Mr. COHEN. Later on something developed between them which I don't know. I had nothing to do with it.

Mr. HALLEY. From then on you understood that Roth was working with Giglio and Livorsi?



Mr. COHEN. A couple of months they started working together.

Mr. HALLEY. Did you have certain transactions with them when they were in the Eatsum Candy Co.?

Mr. COHEN. I had transactions with Eatsum Candy, Dave Lubben. I never dealt with Giglio and Eatsum Food Products.

Mr. HALLEY. But Eatsum—

Mr. COHEN. Just Lubben.

Mr. HALLEY. Lubben and Giglio and Livorsi were all together; were they not?

Mr. COHEN. Yes; but my dealing was only with Dave Lubben. I never had any dealings with the other two.

Mr. HALLEY. What were your actual transactions?

Mr. COHEN. I bought sirup off them and I paid them for the sirup.

Mr. HALLEY. You say you bought sirup. What kind of sirup did you buy?

Mr. COHEN. Corn sirup.

Mr. HALLEY. Did you resell the sirup?

Mr. COHEN. Yes, sir.

Mr. HALLEY. To whom did you resell it?

Mr. COHEN. Well, beginning, I dealt with Betancourt a couple of times, and then my boys came back from the Army and I opened an office on Franklin Street. And I took care of the business myself. I put an ad in the Journal of Commerce and then I developed a lot of customers.

Mr. HALLEY. You say first you sold it through Betancourt?

Mr. COHEN. Yes.

Mr. HALLEY. He is a broker?

Mr. COHEN. No; he was buying with me, partners. Whatever profit we made, we divided.

Mr. HALLEY. On what basis did you buy the sugar from Eatsum? On what basis did you buy the sirup from Eatsum?

Mr. COHEN. We actually paid 12 cents a pound. We were billed  $6\frac{1}{2}$ , and  $5\frac{1}{2}$  was cash.

Mr. HALLEY. In other words, you bought corn sirup from Eatsum?

Mr. COHEN. Right.

Mr. HALLEY. At  $6\frac{1}{2}$  cents a pound?

Mr. COHEN. Right.

Mr. HALLEY. For which you were billed?

Mr. COHEN. That is right.

Mr. HALLEY. You would pay for that by check?

Mr. COHEN. By check, and sometimes I paid all cash.

Mr. HALLEY. You would sometimes even pay the  $6\frac{1}{2}$  cents by cash; is that right?

Mr. COHEN. What is that?

Mr. HALLEY. You mean even the actual invoice price you would pay in cash sometimes?

Mr. COHEN. That is right.

Mr. HALLEY. Is it correct that you would invariably pay the additional  $5\frac{1}{2}$  cents in cash?

Mr. COHEN. I would pay 12 cents a pound,  $6\frac{1}{2}$  in cash. If I didn't have no balance in the bank, I would pay them all cash. I cashed the check and gave it to them.

Mr. HALLEY. Were some of the transactions handled without any paper invoices, but simply by paying cash?

Mr. COHEN. I think there may have been a couple of cars that I never seen the invoices.

Mr. HALLEY. The price you were paying was in excess of the OPA ceiling price; isn't that correct?

Mr. COHEN. That is right.

Mr. HALLEY. You would, in turn, sell it yourself?

Mr. COHEN. We would bill it all the way to the top.

Mr. HALLEY. What do you mean by saying you "bill it all the way to the top"?

Mr. COHEN. If we sell it for 13 or 14 cents a pound, we would bill it that way.

Mr. HALLEY. How much profit did you make per pound?

Mr. COHEN. Sometimes a cent a pound; sometimes half a cent a pound.

Mr. HALLEY. Did you have any transactions with Louis Roth?

Mr. COHEN. Yes.

Mr. HALLEY. What type of transactions did you have with Louis Roth?

Mr. COHEN. When he joined with the Eatsum, I had to give him money because he was a "big shot" over there, and I couldn't get enough corn sirup, and I had to give him money.

Mr. HALLEY. To get you corn sirup from Eatsum?

Mr. COHEN. Yes. He was the big boss there.

Mr. HALLEY. I see. In addition to having transactions with Lubben, you did have transactions with Louis Roth?

Mr. COHEN. Louis Roth; yes, sir.

Mr. HALLEY. When you paid for your corn sirup, did you always hand the cash to Lubben?

Mr. COHEN. In the beginning, I gave it to another fellow named Frank Loperfido, and later on Mr. Lubben got it.

Mr. HALLEY. For some time you handed the cash to Loperfido; is that the man?

Mr. COHEN. Loperfido; yes.

Mr. HALLEY. After that you handed it to Lubben?

Mr. COHEN. To Lubben; that is right.

Mr. HALLEY. You never handed any cash to Giglio himself?

Mr. COHEN. Never.

Mr. HALLEY. What was Walco Food Products?

Mr. COHEN. What is that?

Mr. HALLEY. Walco Food.

Mr. COHEN. Well, Walco Food had an OPA case, and Louis Roth settled it for \$10,000.

Mr. HALLEY. Who paid the \$10,000?

Mr. COHEN. I had to pay it to him. I gave him \$11,000 that day.

Mr. HALLEY. Did you give it to him in check or in cash?

Mr. COHEN. In cash.

Mr. HALLEY. What was the nature of that transaction? What was the \$11,000 for?

Mr. COHEN. Well, \$1,000 was supposed to be a present. His boy had some kind of party. Ten thousand dollars was for Walco Food. Walco Food only gave \$8,000 and I gave the \$3,000.

Mr. HALLEY. What was the \$10,000 to be used for?

Mr. COHEN. To settle the OPA case or else they would close them up.

Mr. HALLEY. Was the \$10,000 paid to the Government?

Mr. COHEN. Not the Government; to the OPA.

Mr. COHEN. Not to the Government; to the OPA.

Mr. COHEN. To individuals.

Mr. HALLEY. It was a bribe?

Mr. COHEN. That is right.

Mr. HALLEY. Did you ever have an OPA case of your own involving some cars of glucose that had been shipped to Florida?

Mr. COHEN. Yes, sir.

Mr. HALLEY. What was that?

Mr. COHEN. At that time I was partner with Dave Lubben, Reserve Trading Co., and we settled for \$10,000. We gave cash to Mr. Louis Roth.

Mr. Lubben gave him \$5,000 and I gave him \$5,000.

Mr. HALLEY. What happened there? Let's get that.

Mr. COHEN. Then we opened up. I had to keep out of the office for 2 days because they kept annoying me—a fellow by the name of Mr. Holland in the OPA.

Mr. HALLEY. What do you mean "annoying" you?

Mr. COHEN. He said he would send a marshal after me, and so on; so, I was ordered to keep out of the office until we dug up the \$10,000 to settle it, and then we opened up the office again.

Mr. HALLEY. Who wanted you "to keep out of the office"?

Mr. COHEN. That fellow Holland. He kept calling me, and I spoke to Louis Roth, and he said, "Keep away for a couple of days until I adjust it for you."

Mr. HALLEY. Did you give Roth the \$10,000 in cash?

Mr. COHEN. Lubben gave him \$5,000 and I gave him \$5,000. That was Reserve Trading when I was partners with Dave Lubben.

Mr. HALLEY. That was an outlet for the Eatsum; was it not?

Mr. COHEN. No. He changed his name. It was a different corporation; Reserve Trading, just for jobbing.

Mr. HALLEY. Just for jobbing corn sirup?

Mr. COHEN. What is that?

Mr. HALLEY. For jobbing corn sirup?

Mr. COHEN. That is right.

Mr. HALLEY. In the Reserve Trading case, also, was there \$10,000 that you gave to Louis Roth?

Mr. COHEN. That was the \$10,000.

Mr. HALLEY. That was understood to be a bribe; is that right?

Mr. COHEN. Yes.

Mr. HALLEY. You have mentioned Mario Betancourt. Do you know of any transactions Betancourt had with Louis Roth?

Mr. COHEN. Yes. He had an OPA case once, and they would keep calling him up. Finally, he called me up at my home. I called up Louis Roth, and we met the same day, and he gave Louis Roth \$500, and then his business was opened again.

Mr. HALLEY. In each one of these cases, you understand that Roth was able to pay somebody in the OPA; is that correct?

Mr. COHEN. Right.

Mr. HALLEY. That was your understanding?

Mr. COHEN. That is right.

Mr. HALLEY. Did you get that understanding from Roth?

Mr. COHEN. What is that?

Mr. HALLEY. You got that understanding from things that Roth told you?

Mr. COHEN. It was the truth. He wasn't able to work without it.

Mr. HALLEY. How much cash would you say you gave altogether to—

Mr. COHEN. Louis Roth?

Mr. HALLEY. No; to Eatsum, in these under-the-table payments?

Mr. COHEN. According to Mr. Lubben's records, he has about \$150,000 or \$155,000.

Mr. HALLEY. You mean you actually turned over \$150,000 in cash?

Mr. COHEN. That is right.

Mr. HALLEY. I believe you told me that your own personal recollection was that you turned over a lot more than appeared in the record.

Mr. COHEN. I did, because I had to give him cash most of the time. I had no balance in the bank, and he needed the money; so, I cashed a check and gave him the whole thing in cash. If the bill was \$10,000, I gave him all \$10,000 in cash.

Mr. HALLEY. To get it straight, the record shows about \$150,000 in cash that you handed over to Eatsum Co.

Mr. COHEN. That is right.

Mr. HALLEY. It is your recollection—

Mr. COHEN. That I gave them more, but I have no evidence to prove it.

Mr. HALLEY. You have no evidence, but your recollection is that you gave them—

Mr. COHEN. I know a lot of my bills I paid all cash.

Mr. HALLEY. Your best estimate was about \$300,000?

Mr. COHEN. It may have been \$300,000.

Mr. HALLEY. Did you ever hear how 'Tavern Fruit Juice—you know about Tavern; do you not?

Mr. COHEN. Very little. I never dealt with them.

Mr. HALLEY. What is Tavern? Do you know?

Mr. COHEN. They used to make sirup and fruit juice.

Mr. HALLEY. Then they went into the jelly business, didn't they?

Mr. COHEN. That is what I heard, but I never had any dealings with them, even when they were in the same office with Lubben. I never dealt with them. I never sold for them.

Mr. HALLEY. You talked to Roth and Lawn about it, did you not?

Mr. COHEN. About what?

Mr. HALLEY. About Tavern Fruit Juice.

Mr. COHEN. I spoke to them about it?

Mr. HALLEY. Yes, did you not?

Mr. COHEN. It wouldn't have anything to do with me, because I never dealt with them. The only thing I dealt with was Eatsum.

Mr. HALLEY. Did you have discussions about Tavern?

Mr. COHEN. Very little. I never had any dealing with them.

Mr. HALLEY. Let me read what you told me about Tavern on the last occasion:

Question. And they made jelly, is that right?

Mr. COHEN. I understood they made jelly, yes.

Mr. HALLEY. You said:

No, at that time they made sirup.

Is that right?

Mr. COHEN. Sirup was made by the Bronx Syrup Co. when I was broker for them, by Iger. When they started making jelly, I never handled it.

Mr. HALLEY. Originally they had sirup?

Mr. COHEN. That is right; 36-Beaumé sirup.

Mr. HALLEY. Then you went on to say:

The Government, Washington, the Department of Agriculture, wouldn't give them a quota for sirup because they knew sirup was sugar. So they got some more brains connected and found out they could make jelly and the Government would give them a permit. There must have been somebody high up in Washington, and it wasn't me.

Mr. COHEN. That is what I heard.

Mr. HALLEY. Who did you hear that from?

Mr. COHEN. Inside sources. There had to be somebody to get that sugar quota, because my wife couldn't get a pound a week.

Mr. HALLEY. Didn't you ever discuss that with Roth, about his going down——

Mr. COHEN. Yes, but he couldn't tell me who, what, when, and where. That was a great secret.

Mr. HALLEY. Didn't you discuss with him his going down to Washington?

Mr. COHEN. Yes. He went to Washington. I don't know who he dealt with. I don't know.

Mr. HALLEY. He said he went to Washington and was able to get the sugar quota, isn't that right?

Mr. COHEN. What is that again?

Mr. HALLEY. He stated he went to Washington?

Mr. COHEN. He went. He sent somebody to Washington. Some big man got it for him.

Mr. HALLEY. That is what he told you?

Mr. COHEN. That is right.

Mr. HALLEY. Did you ever have any dealings with the Alcohol Tax Unit?

Mr. COHEN. Yes.

Mr. HALLEY. What were they?

Mr. COHEN. I sold 200 bags, I think, of corn sugar to Ronny Stone. Ronny Stone sold it to Dave Lubben, and Dave Lubben used it for candy.

They said I sold it for alcohol tax purposes, which I never did. Then they send people to annoy me. Finally I had to settle for \$3,000. But I never sold—the only one I sold the sugar to was Ronny Stone, and he sold it to Dave Lubben.

Mr. HALLEY. Did you know anything about the alcohol tax dealings of Giglio, his dealings with the Alcohol Tax Unit?

Mr. COHEN. Did he deal with the Alcohol Tax Unit?

Mr. HALLEY. His problems with the Alcohol Tax Unit. Didn't you ever discuss that with Roth and Giglio?

Mr. COHEN. No, I don't think I did.

Mr. HALLEY. Do you remember saying to me that before he ever got the sugar quota, he was paying 12 cents in the black market for sugar?

Mr. COHEN. Yes; that is right.

Mr. HALLEY. That is Giglio.

Mr. COHEN. That is right.

Mr. HALLEY. Then you said the Alcohol Tax Unit was bothering him and he had to pay off, is that right?

Mr. COHEN. That is right. He paid off.

Mr. HALLEY. Then they managed to go to Washington to get their sugar?

Mr. COHEN. Then when Louis Roth got in there and they got connections, they went to Washington and stopped making sirup and started making jelly.

Mr. HALLEY. Did you ever have charged to you any money that Roth said had to be paid to an Alcohol Tax Unit agent?

Mr. COHEN. Yes; I had to give him \$3,000.

Mr. HALLEY. \$3,000?

Mr. COHEN. That is right.

Mr. HALLEY. Were you told who it would be paid to by Roth?

Mr. COHEN. I don't know who he paid it to, but I met the agent in his office on a Saturday at 3 o'clock in the afternoon. But the agent didn't get the money. He got the money.

Mr. HALLEY. Was that in cash?

Mr. COHEN. In cash.

Mr. HALLEY. Do you know the agent's name?

Mr. COHEN. I think his name was Anderson.

Mr. HALLEY. Anderson. Do you know his first name?

Mr. COHEN. No.

Mr. HALLEY. Roth told you the money was for the agent; is that right?

Mr. COHEN. That is right.

Mr. HALLEY. But you didn't actually see anybody give it to the agent?

Mr. COHEN. No.

The CHAIRMAN. What is your opinion about what happened? Who got it?

Mr. COHEN. They never bothered me any more after that. They didn't annoy me after that.

Mr. HALLEY. Up to that point, did they come in and check your sugar?

Mr. COHEN. I never had sugar.

Mr. HALLEY. Your sirup.

Mr. COHEN. I never handled sirup.

Mr. HALLEY. How did they bother you before this?

Mr. COHEN. They used to make me come down to their office at 253 Broadway, and kept annoying me.

Mr. HALLEY. By asking questions?

Mr. COHEN. That is right. And when I got Louis on the job, they didn't annoy me after that. I never seen them after that.

Mr. HALLEY. After you paid the \$3,000?

Mr. COHEN. That is right.

Mr. HALLEY. Do you remember Howard Lawn, the one who went to Washington with Louis Roth to get the sugar quota?

Mr. COHEN. I don't know who went up there. Louis Roth said he sent somebody up there. Whether it was Howard Lawn or not, I don't know.

Mr. HALLEY. Didn't Howard Lawn tell you he got the sugar quota?

Mr. COHEN. Everybody bragged they got it, but who got it I really don't know.

Mr. HALLEY. In other words, both Roth and Lawn said to you that they got the quota?

Mr. COHEN. That is right.

Mr. HALLEY. You don't know who was telling the truth?

Mr. COHEN. I don't know.

Mr. HALLEY. What happened to the cash that you delivered, first to Loperlido and then to Lubben? Was it put in a box?

Mr. COHEN. Certainly. They put it in a box.

Mr. HALLEY. You saw the box?

Mr. COHEN. Oh, yes.

Mr. HALLEY. You would take the cash up there, and they would open the box and put the cash in?

Mr. COHEN. Yes, sir. They would put it in a box.

Mr. HALLEY. Were you ever threatened, in the event that you testified in connection——

Mr. COHEN. What is that?

Mr. HALLEY. Were you ever threatened or warned not to testify in connection with the tax investigation?

Mr. COHEN. I was never warned, no.

Mr. HALLEY. Didn't Giglio once say to you that if they ever found out that you told about the 5½ cents you were paying in cash——

Mr. COHEN. I don't remember that.

Mr. HALLEY. Do you remember telling me something about it, about a week ago?

Mr. COHEN. I don't remember that, either.

Mr. HALLEY. Don't you remember saying, and I will read it:

Giglio once said to me——

Mr. COHEN. I never had much dealings with Giglio. Since he went out of Bronx Sirup and went into the jelly business, I never had any more dealings with him.

Mr. HALLEY. Let me read the question:

Did any of them ever threaten you?

Answer by you:

For what?

Question:

For talking.

Your answer was:

Well, yes. Giglio once said to me in front of Lubben, "If we ever find out that you come out with that 5½ cents that you pay us cash \* \* \*"

Then you said:

I said, "Why should I worry about you? I will have so much to answer."

Then you added:

I didn't even open up until I understood that Lubben opened up. So I wasn't afraid any more.

Is that what you told me?

Mr. COHEN. I think I did.

Mr. HALLEY. Did Giglio actually tell you you had better not talk about the 5½ cents?

Mr. COHEN. He didn't say not talk about it. He said, "You won't talk about it," and I said, "No."

Mr. HALLEY. You mean he just told you not to talk about it?

Mr. COHEN. That is right.

Mr. HALLEY. You didn't understand that to be a threat?

Mr. COHEN. No; I didn't think it was a threat.

Mr. HALLEY. Have you ever been threatened in any way?

Mr. COHEN. No, sir.

The CHAIRMAN. Is there anything you want to add, Mr. Cohen?

Mr. COHEN. Not that I can think of right now.

The CHAIRMAN. That is all.

(Witness excused.)

The CHAIRMAN. Mr. Roth, will you come around?

Mr. Messel first, please. Come around, Mr. Messel.

Mr. Messel, do you solemnly swear the testimony given the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MESSEL. I do.

#### TESTIMONY OF VICTOR R. MESSEL, WASHINGTON, D. C.

Mr. HALLEY. Mr. Messel, what is your full name and address?

Mr. MESSEL. Victor R. Messel.

Mr. HALLEY. What is your business?

Mr. MESSEL. 314 Ring Building

Mr. HALLEY. What business are you in?

Mr. MESSEL. Public relations.

Mr. HALLEY. Mr. Messel, this morning David Lubben testified that he retained you to get him an increased sugar quota from the OPA. He said you made certain statements to him about having been campaign manager for President Truman at some time in his career. He said that you made these statements in an office in which you had a lot of pictures of Senators and other prominent people.

Mr. MESSEL. Is David Lubben here?

Mr. HALLEY. Yes; he is here.

Mr. MESSEL. I don't even know that I know the gentleman or not.

Mr. HALLEY. Will you stand up, Mr. Lubben?

Mr. LUBBEN. I am right here, sir.

Mr. MESSEL. Did I ever meet you?

Mr. LUBBEN. Yes, sir. I met you with Lieutenant Harris.

Mr. MESSEL. Who is Lieutenant Harris?

Mr. LUBBEN. I was taken to your office.

Mr. MESSEL. What office was that?

Mr. LUBBEN. I went in with Harris. I don't remember the address exactly. We talked to you.

Mr. MESSEL. You didn't pay me a retainer.

Mr. LUBBEN. When I get back to my books, I will dig it up and I can tell you how much I gave you.

Mr. MESSEL. I am sure you didn't.

Mr. HALLEY. Is there any statement you would like to make about it?

Mr. MESSEL. I would like to make the statement that I have never accepted a fee for an OPA sugar deal of any kind that I have any



recollection of. I don't even remember Mr. Lubben. I don't remember these other people here.

Mr. HALLEY. Have you ever heard of Eatsum Products Co.?

Mr. MESSEL. Who?

Mr. HALLEY. Eatsum Products Co.

Mr. MESSEL. I don't remember them; no, sir.

Mr. HALLEY. You never did any work for them?

Mr. MESSEL. In the last 9 years, I have represented probably 150 different concerns, and I would have to refer back to my files. I wouldn't say definitely that I hadn't. But I don't remember it off-hand. I had 9 or 10 people in the office, and there was a lot of coming and going, and I just can't answer that.

Mr. HALLEY. Do you know Mr. W. B. Williams of the United States Department of Agriculture, Commodity Credit Corporation?

Mr. MESSEL. Not that I recall.

Mr. HALLEY. Is it possible that you have corresponded with him about Eatsum Food Co.?

Mr. MESSEL. It is possible that I did.

Mr. HALLEY. But you have no recollection of it?

Mr. MESSEL. I have no recollection of it, no, sir.

Mr. HALLEY. Do you know Lt. Frank G. Harris?

Mr. MESSEL. No; I do not.

Mr. HALLEY. Would it be possible that you could have addressed a man "Dear Frank" whom you don't know at all?

Mr. MESSEL. It is possible we could have written these people in the general course of business. I had about 9 or 10 people in the office, and there was a lot of correspondence. It is possible we could have written somebody by that name. But I personally don't remember the gentleman.

Mr. HALLEY. The committee has been handed some correspondence. Perhaps I can help your recollection by reading a letter which is dated August 24, 1945. Were you then in the public relations business?

Mr. MESSEL. Yes, I was.

Mr. HALLEY. At suite 301, Investment Building?

Mr. MESSEL. Yes, sir.

Mr. HALLEY. Air-mail letter addressed to Lt. Frank G. Harris, Salina, Kans.

Mr. MESSEL. Does it give on the bottom of the letter the dictation? Does it say what initials are on the bottom of the letter?

Mr. HALLEY. There are no initials. Let me read it. It may help. It says:

DEAR FRANK: Enclosed is a copy of a letter received from Mr. Williams, Commodity Credit Corporation, Chicago, Ill., regarding additional allocation of corn sirup for the Eatsum Food Products Co.

I think it is important that we continue to follow up on this and see that Penick & Ford increase deliveries as indicated in Mr. Williams' letter. I have been given to understand that this allocation will be very substantially increased shortly through Mr. Williams' efforts.

It was a pleasure to see you in Washington, and Ken and I look forward to seeing you again in the not too distant future.

Mr. MESSEL. Mr. Halley, that letter was probably dictated and written by Ken Miller, Kenneth Miller, who was employed by me at the time. That is the reason I don't recall. Because at that time we probably had 15 or 20 different accounts, and I couldn't, of course, keep up

with all of them, except I probably signed the letter in the course of the day's work.

Mr. HALLEY. Do you say you did or did not ever hold yourself out as having been a campaign manager for President Truman?

Mr. MESSEL. I suppose if somebody asked me if I had been—a lot of people come to my office and say, "I understand that you used to be with Mr. Truman." I don't advertise the fact, but I am certainly proud of it. I was his secretary for 6 years, from the day he came to Washington in 1935 until his reelection in 1940. I left him in March 1941 to go in private business. I did manage his campaign in Missouri in 1940 when he was elected to the Senate.

Mr. HALLEY. You say you did not advertise that?

Mr. MESSEL. Of course not.

The CHAIRMAN. Do you remember ever having seen Mr. Lubben before?

Mr. MESSEL. I really don't recognize him. I may have. I don't say he wasn't in my office. He may have been, but then when you meet—Senator, yourself, you know you meet several thousand people a year, and it is hard to remember. 1945 is quite a long time ago.

The CHAIRMAN. Had you been bragging to him, holding out any associations that you had, for the purpose of getting business?

Mr. MESSEL. I never did that with any client. I am sure that I didn't do that with him or anybody else.

The CHAIRMAN. How many were in your organization, Mr. Messel?

Mr. MESSEL. Sir?

The CHAIRMAN. How many did you have in your office?

Mr. MESSEL. At that time, probably eight or nine people.

The CHAIRMAN. You attempted to give value received in your service for whatever money you received?

Mr. MESSEL. I have represented quite a number of individuals and corporations in the past 9 years. I haven't had any complaints from any of them yet. I have been more or less a representative here in Washington in connection with the Government.

Mr. HALLEY. The correspondence would indicate that what you were working on was not an OPA quota, but simply getting more corn sirup out of a refiner. Does that clarify your recollection?

Mr. MESSEL. That might. I would have to refer to my files. I probably have the files if—you would give me the name of the firm. I will be glad to produce my files.

Mr. HALLEY. It is Eatsum Food Products.

Mr. MESSEL. Eastern Food Products?

Mr. HALLEY. Eatsum, E-a-t-s-u-m Food Products.

Mr. MESSEL. Eatsum.

Mr. HALLEY. I wonder if Mr. Lubben can clarify that.

Were your discussions with Mr. Messel related to an OPA allocation, or an allocation of more sirup from Penick & Ford refiners?

Mr. LUBBEN. The OPA would have nothing to do with any allocation of corn sirup from Penick & Ford. That was an allocation that was based entirely upon that company. That wasn't controlled by the OPA. I do recollect a little something. If I recall correctly, it seems that the Commodity Credit Corporation had the control of corn, and there was some discussion there. I don't recall quite what it is. This Mr. Williams would certainly see that somebody would see that Penick & Ford got some more corn if they would give us a quota. That is the

only place I could think where this Mr. Williams ever came into the picture. I never met the man. I am certain I never received any benefit from anything Mr. Williams may or may not have done. I don't think there is anything he ever did for us.

Mr. HALLEY. Is this in addition to your prior testimony, or a correction of your prior testimony? Did you have dealings with Mr. Messel about the OPA, or was it about having the quota from Penick & Ford increased?

Mr. LUBBEN. My recollection of my visit to Mr. Messel's—if he can dig this up, I think this correspondence was going on with Mr. Messel and Mr. Harris some time before we visited his office one day. I know I came down about sugar, because that was paramount in my mind.

Mr. HALLEY. So the correspondence that has been handed us about the corn sirup is in addition to the testimony you gave about sugar? Would that be your recollection?

Mr. LUBBEN. To my recollection, sir, that is true.

The CHAIRMAN. You were in his office only one time?

Mr. LUBBEN. I believe it was twice.

Mr. MESSEL. I imagine he talked to Mr. Kenneth Miller, who was employed by me, more than he did to me. You might ask him that question.

The CHAIRMAN. The record shows you were employed and that you tried to do something to get him some more corn sirup and more sugar, but were not successful. It cost him about a thousand dollars.

Mr. MESSEL. I have the file on it, and I would be glad to produce the file, if I did represent them.

The CHAIRMAN. He says he saw a lot of pictures on the wall and got the impression in some way that you had a lot of influence, and you say you did not ever make any point of that, so I guess that is that.

Mr. MESSEL. I have acquired numerous pictures in the 15 or 17 years in Washington, 9 years on the Hill.

The CHAIRMAN. We all have a lot of pictures on our walls.

Mr. MESSEL. I haven't exploited them in any way.

The CHAIRMAN. I do not think Mr. Lubben has made any particularly pressing point of the matter. Apparently some work was done that he did not know about.

Mr. MESSEL. I am sure if I represented him, I tried my best to serve him if he paid me.

The CHAIRMAN. Anything else?

Mr. HALLEY. No, that is all.

The CHAIRMAN. Anything further? You still do not recognize Mr. Lubben?

Mr. MESSEL. Senator, I really don't. I don't say I didn't meet him and that he wasn't in my office. He probably was. But I have met quite a lot of people down there.

The CHAIRMAN. That was 4 or 5 years ago, now.

Mr. MESSEL. You represent people from out of town, you know, and they come in town only twice a year, or something, and you don't see them personally very often. You correspond with them.

The CHAIRMAN. You still do not remember a Lieutenant Harris?

Mr. MESSEL. No, sir, I do not. I used to know a Williams, but his name was George Williams, from St. Louis. I don't know what that initial was there, the Williams that you mentioned.

The CHAIRMAN. It is apparently Lieutenant Harris who brought Mr. Lubben to your office, so Lieutenant Harris must have known you or somebody working in your organization.

Mr. MESSEL. It is possible that he did know Mr. Miller or somebody in my organization. I don't recall him.

The CHAIRMAN. All right, thank you, Mr. Messel.

Mr. MESSEL. Thank you.

(Witness excused.)

Mr. HALLEY. Mr. Louis Roth.

The CHAIRMAN. Mr. Roth?

Mr. Roth, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ROTH. I do.

### TESTIMONY OF LOUIS J. ROTH, NEW YORK, N. Y.

Mr. HALLEY. What is your full name and address?

Mr. ROTH. Louis J. Roth, 166 West Thirty-second Street, New York.

Mr. HALLEY. What is your occupation?

Mr. ROTH. That of an accountant.

Mr. HALLEY. Would you care to make any statement about the testimony you have heard here today, before answering questions?

Mr. ROTH. Yes.

The CHAIRMAN. You do not have to stand up unless you would rather, Mr. Roth. You do as you please. You may sit down or stand, either one.

Mr. ROTH. Senator, I prefer to stand. I think I can do better.

The CHAIRMAN. You must be a public speaker of some kind.

Mr. ROTH. No; not by far.

The CHAIRMAN. If you talk better on your feet than you do sitting down, go ahead.

Mr. ROTH. I intended respectfully to ask for permission to make a statement which has a bearing on your investigation.

Mr. Lubben has made certain charges, and I want to call your attention to facts which I am sure will have definite bearing on this testimony.

Mr. Lubben has stated that he has had difficulty with the OPA sugar quota. The first time that I ever saw Mr. Lubben in his office at Columbus Circle, he introduced me to an employee of his by the name of Joseph Keenan. Mr. Keenan was a former OPA official in charge of Industrial Uses Section of sugar rationing and at that time he had authorization to make decisions in allocating sugar rationing.

The CHAIRMAN. At that time was he an employee, or had he previously been an employee?

Mr. ROTH. He had previously been an employee of the OPA organization, so I was informed.

The first time I ever met Mr. Lubben at his office, when Mr. Giglio brought me up there, Mr. Keenan was employed there for a number of months.

Approximately 1 year after the liquidation of the partnership of Eatsum Food Products Co., I was called by attorney James A Ronayne

to his office at a conference with Mr. Giglio, Mr. Lubben, and Mr. Ronayne.

At that time Mr. Lubben said, "I am indebted to the Federal Government for approximately \$20,000 worth of withholding taxes which I deducted from my employees, and they are about ready to prosecute me, and I would like you gentlemen to give me the money in order to avoid prosecution."

Mr. Ronayne told him, "I am not obligated to give you the money."

Mr. Giglio said, "I am not obligated."

He said, "Let Louis Roth give me the money. He just sold his home in Brooklyn about 6 months ago. He has the money." And he threatened at that particular time that if I did not pay him, if I did not give him the money to pay the Government the withholding tax, he would buy his peace with the tax authorities himself.

I also wish to call your attention not to be misled by the naive and innocent manner in which he has testified today. I think it warrants the committee, as a matter of suggestion, to further investigate Mr. David Lubben.

For your information, gentlemen, I wish to enumerate the following facts:

1. George Burry, president of the Burry Biscuit Co., where Mr. Lubben originally got his start, as I understand, allocated or gave David Lubben crackers which could not be packed in a box as a 100 percent regular sale. He sold these crackers and reimbursed Mr. George Burry, not the Burry Biscuit Co., but reimbursed Mr. George Burry, checks under fictitious names. I ask you gentlemen to please investigate that.

I also would like you to investigate the Helen Elliot Candy Co. in the State of New Jersey, where Mr. David Lubben and the wife of George Burry, Helen Elliot, were copartners in a chain of retail candy stores.

I would like you to check the purchase and the source of the money when Mr. Lubben bought, fixed up and constructed a chicken farm, in the aggregate of close to \$60,000, and it was a show place to many, many people who visited his chicken farm.

I ask the committee to place—and I implore them to investigate the construction of the candy plant at Woodcliff, N. J., at which time close to \$70,000 was invested.

The CHAIRMAN. Mr. Roth, you want us to investigate it, but what are we going to look for? What is the angle about this?

Mr. ROTH. The angle I mean to bring out to you is that I sat here today and listened where a man in perfect innocence painted himself as a naive, innocent man, that a couple of people, he said, one thing, that I introduced him to Mr. Giglio. He painted himself a naive businessman as if he came out of the West and a couple of irresponsible merchants and businessmen grabbed hold of him and extorted and stole money from him.

Senator, please bear with me another moment or two. I believe that I can clear the thing up. I am a little bit nervous.

The CHAIRMAN. You may proceed. We will not interrupt you.

Mr. ROTH. Please bear in mind that Mr. Lubben had black-market operations prior to the time he ever became a partner of the Giglio interests. He so testified. During the 6 months or 7 months period

that he was active in the Eatsum Food Products, they had operations of that kind. But please bear in mind that he was a thorough, solid businessman, that he did \$875,000 black-market operations under Reserve Trading Co. within 6 months after he left Eatsum. The authority I bring you is his own accountant's report, in which Michael Cohen was a joint partner in that venture when I filed Michael Cohen's income-tax return at the end of that year he presented me with his accountant's report of Reserve Trading, and he said this is what I made in black-market operations.

I would like to call to your attention that Mr. Lubben, in organizing his own corporation subsequent to the liquidation of the Eatsum Food Products sold stock to Michael Cohen, and others. Michael Cohen came to my office and pleaded that I should buy the stock because he needed money and subsequently Michael Cohen sold Dave Lubben the stock of David Lubben's corporation at a loss to another sugar merchant, for many thousands of dollars' loss.

I also wish to call to your attention that David Lubben's accountant applied to the Securities and Exchange Commission or attempted to apply and filed application, I am given to understand, in order to have so many stockholders in a corporation investing so many thousands of dollars under which he would come under the line with Securities and Exchange Commission.

I want to call to your attention that when Mr. Lubben was proprietor of his own business before the limited partnership was organized of the Eatsum Food Products, he had his own accountant, and I also wish to call to your attention that that accountant was retained by him and paid by the partnership after he entered partnership with David Lubben. That accountant had a monthly audit and submitted monthly financial statements both to David Lubben and to Mr. Giglio, and Mr. David Lubben was apprised of every detail and knew whatever was going on.

I also wish to call to your attention, gentlemen, that Mr. David Lubben testified under oath in the Federal court in the southern district in a civil lawsuit, and to quote, "That he was in full charge of all operations at Eatsum Food Products and was familiar with all their transactions."

I mean to bring out, don't let him paint himself as an innocent man, and here is a bunch of cutthroats or dishonorable people who have been born and bred in this country and have raised families, and he is using a smear campaign.

Gentlemen, be patient for just a few more minutes.

I regret to say the following: He passed disparaging remarks about my religion to Mr. Ronayne, the attorney whom he engaged, to outsiders, and at that conference that I previously called to your attention when I refused to give him the money, he went to work and he says, "You are nothing but a Jew son-of-a-bitch bastard. I repeat it again to your face, you are a Jew bastard."

Why did he do it? I will tell you why he did it. When the Eatsum Food Products was liquidated by mutual arrangement between Mr. Giglio and himself, he took the physical property of the plant. It wasn't the second-hand machinery that he painted. It was the machinery that the Eatsum Food Products purchased plus additional disbursements for new machinery during the life of the Eatsum Food Products. Mr. Giglio or I never went into the factory. Disburse-

ments for machinery were throughout the entire period. They were only in an active partnership for a period of 6 or 7 months. So when he did get that machinery, it wasn't that second-hand machinery, as he so emphasizes it. It was the machinery that the partnership bought from him as a proprietor, plus the new machinery that was installed during the life of the 6 months' partnership.

There were \$375,000 merchandise inventory by arrangement that was sold to Mr. Lubben. I am going by memory, but I think I am close within 25 or 30 thousand dollars. He didn't have any money, and he secured a commodity loan from a finance company and the part payment was \$75,000 to the Eatsum partnership. The balance thereof was to be paid in monthly or semimonthly notes. The first two or three notes—I will correct myself. I will say approximately the first 10 months of \$1,000 denomination were paid by Mr. Lubben's new company. Then he started falling behind in payments. My obligation as an accountant in taking care of the affairs of the liquidation of the Eatsum company, I followed it up and followed it up and followed it up until I got on his nerves. At one particular time in his office in the Bronx when I went up in order to collect payment, he says, "I will get even with you, you Jew bastard," and he repeated it again.

Miss BEATRICE FELDMANN (119 Audubon Avenue, Bronx, N. Y.). That's a lie.

Mr. ROTH. When his income taxes were not paid by Mr. Giglio according to arrangement and when he did not meet the balance of his notes, nor did he deliver the cars of corn sirup that he engaged under contract and under his personal name while he was a partner of Mr. Giglio, I requested deliveries of cars and if my memory serves me right, there were approximately six or seven cars to be delivered on which there were X number of dollars. I think two or three were delivered. The rest were not delivered. I called it to Mr. Giglio's attention, and he was very, very, very angry.

Gentlemen, all I request of you is please do not make a decision and please do not make a conclusion until you investigate all the facts surrounding everybody. Do not just sit here and listen to what I say, to what Mr. Lubben says or to what anybody says. I am asking only for one thing, a reputation that I worked for thirty-odd years. I am a man over 50. I have grown children. I want to take my medicine under one condition: In the American way of life, based on facts, not on hearsay, not when somebody has got to buy his peace and not when somebody threatens and threatens and threatens in the nature of religion.

Regarding Mike Cohen, gentlemen, all I can say is one thing. I have never been in the ATU office. I have never handled a matter in the ATU office. I have never had any liquor clients. I wouldn't even know where to go into the ATU office or anything else like that. You could go to work and look through the complete records of the Alcohol Tax Unit and it is impossible to have a case over there. I would not even know where to go to fix a case.

Therefore, as far as Mike Cohen's saying to you on ATU matters \$10,000, I wouldn't know where to go.

I want to clear up one point about me getting in with OPA and 14,000,000 sugar ration points. It seems to me a very, very important

matter. Gentlemen, I don't know whether you are familiar with it, but I am going to speak from memory of 5 years ago. Being I lived with those things I think I will be 99 percent correct. The other 1 percent you could confirm with existing OPA regulations in the Congressional Library, and they exist from the very first regulation which was passed.

During the period of 1944 this country wanted to conserve on fats and oils. Based on the OPA regulations they permitted industrial jelly manufacture spreads, what we call a provisional quota. This provisional quota did not have a base. OPA said to a jelly manufacturer, "We give you 100,000 points, or 250,000 points or 300,000 sugar ration points. Keep on manufacturing jelly."

A smart businessman would manufacture jelly. When he was through, he walks up to the OPA. He says, "I used up this 250,000 points. Give me 250,000 more, or I expect to use a million points."

And they gave him a million. That was during a period of provisional quota. Furthermore, we are talking sugar. Please understand that we are not talking sugar in bags. We are talking about liquid invert, and liquid invert the refiners only produce and manufacture for industrial consumption. Do not have one iota of a doubt that that sugar ever reached any channels of alcohol, because the refiners will tell you that once you purchase liquid invert, it can never be turned back for use in the same sugar processing or the same class of sugar that it could be used in alcohol.

Gentlemen, I want to continue. The Tavern Fruit Juice Co. was a jelly manufacture, and they kept on selling jelly. Who did they sell it to? Not to bootleggers, not to people, but 99 percent of their sales were made to National Biscuit Co. and Sunshine Biscuit Co.—99–100 percent of their purchases were made from American Sugar Refining Co., was made from National Sugar Refining Co. It wasn't made in the black market. The liquid invert was purchased from the refinery, manufactured into a jelly, and sold to the most reliable and outstanding concerns in the world, only two or three in the baking field.

Wagner Pie was in there. Dugan Baking Co. was in there. This company did not trade with people except that type of reliable organizations that I just mentioned.

Toward the end of December 1944 or the early part of 1945 the OPA authorities in their wisdom decided to do away with the provisional quota. They said, "Now we will have a permanent quota." So some time in the early part of 1945 they laid down a formula based on what we called at that time historical use of provisional quotas. They said, "Those individual organizations that have this type of usage, so much usage, we will multiply it by the formula, and that will be their quota, their permanent quota for the next year."

The Tavern Fruit Juice were jelly manufacturers. It is very fortunate for them that they had customers like National Biscuit Co., that they practically backed their trucks up in order to manufacture their cakes and so on. So we were busy on one shift, on two shifts, and on three shifts. We were able to manufacture jelly and jelly and jelly. We didn't throw it down the sewer. Remember who bought it. People who bought it. If you will look through our sales records, you will find we did millions of dollars worth of business with those



companies—99 percent—if you look up our purchase records and canceled checks, you will not find any cash purchases. You will not find any over-market cash payments, cash for overpayments. And neither will you find any cash received from National Biscuit Co. for the sale of the product.

That is my story about the 14,000,000 points. I also wish to call your attention to this. They accused me of going to Washington and getting it, as if I had an "in" as if I bribed OPA officials. Gentlemen, I was in Washington only once on an OPA matter. Tavern Fruit Juice Co. acquired from the OPA office at the Empire State Building a permanent quota of 10,000,000 points without any influence, but based on their own regulations which they were compelled to give. I went to Washington for Tavern Fruit Juice Co. because at that particular time the regulations specifically mentioned that in addition to the provisional quota, there was a provisional quota, but if you want more all you have to do is to have machinery in your place that on account of lack of sugar you couldn't manufacture or use those machines to manufacture. After we presented to them an inventory of the physical machinery and the capacity for production, we got an increase of about three or four million pounds. I do not remember exactly how much it is. But the OPA records will indicate it and the records of Tavern Fruit Juice Co. will indicate it. There was no money passed. There was never an official who was bribed, never, because everything was in accordance with OPA regulations. We did not need any discretion on the part of OPA officials. They were compelled to give it to us because it said so in the regulation.

Mr. Elich, when you examined me in New York, you very generously and politely asked me, "What in your opinion could be done in order to avoid newcomers from coming into a business if the situation should unfortunately exist today or tomorrow that existed in the last war?"

I replied to you, which is my opinion and based on my own experience, that this company never would have gotten a \$14,000,000 quota if the OPA regulation had passed a rule that instead of using a historical period for only 3 months prior to putting it in on a permanent basis, they would use a historical period for 3 years past in the same manner that the Internal Revenue Department used over a 3-year period in order to establish a normal income base during the excess-profits tax years.

In conclusion, gentlemen, I expect of you in the American tradition just a fair, honest, and just decision based on the American way of life and based on facts.

The CHAIRMAN. All right, Mr. Roth. That is all we want, just the facts.

Mr. HALLEY. Are you a certified accountant?

Mr. ROTH. No, sir.

Mr. HALLEY. How long have you been in the accounting business?

Mr. ROTH. Close to 25 to 30 years.

Mr. HALLEY. You have various accountants working for you?

Mr. ROTH. I have about three or four men from time to time, usually three, as a permanent basis.

Mr. HALLEY. You are permitted under the laws of New York to do certain types of accounting work?

Mr. ROTH. Excuse me a moment. May I have a recess for about 3 minutes?

The CHAIRMAN. You want a recess for how long?

Mr. ROTH. Three minutes.

The CHAIRMAN. Surely. The committee will be in recess for 3 minutes.

(Brief recess.)

The CHAIRMAN. The committee will resume. Do you have some other statement that you wish to make, Mr. Roth?

Mr. ROTH. I just wanted to say this, that my memory was refreshed when Mr. Cohen mentioned the fact that Mr. Betancourt had OPA trouble, and I was given \$500 to settle a case. Mr. Betancourt followed me outside, who is proprietor of Commodity Trading, and said, "Mr. Cohen is lying. I used a lawyer at that time in that case and I paid him a legal fee. Wait until they get me on the witness stand, I will bring the canceled check that I paid the lawyer."

Mr. HALLEY. As an accountant but not a certified accountant in New York, you are entitled to do certain types of accounting work, is that right?

Mr. ROTH. Yes.

Mr. HALLEY. You can make financial reports for companies and file income taxes and so forth; is that correct?

Mr. ROTH. Yes.

Mr. HALLEY. Is one of your clients Joe Profaci?

Mr. ROTH. Joseph Profaci is the owner of the company that I do accounting work for.

Mr. HALLEY. What company is that?

Mr. ROTH. The Mama Mia Importing Co., Inc.

Mr. HALLEY. That is an olive oil company?

Mr. ROTH. They purchase olive oil and pack it in 1-gallon cans and also mix it with other edible oils.

Mr. HALLEY. I believe you stated last week that it was something of a coincidence that Frank Livorsi and Joe Profaci were friends?

Mr. ROTH. That is right.

Mr. HALLEY. I think you stated that you had been invited to a wedding of Profaci's daughter and Livorsi was there?

Mr. ROTH. I think I told you I received a courtesy invitation.

Mr. HALLEY. Did you attend?

Mr. ROTH. No, sir.

Mr. HALLEY. When did you first find out Livorsi and Profaci were friends?

Mr. ROTH. I do not recall. I think that it may have been just conversation that I had with Mr. Livorsi and Mr. Profaci. I cannot place the incident, but I would say it was just a year or two ago.

Mr. HALLEY. You also have represented this Max Edler of the Eleanor Post Dress Co.?

Mr. ROTH. I would like to correct that statement by saying that the last 2 months that the Eleanor Post Co. was in business Max Edler or Mr. Livorsi, I do not recall, asked me to go up and look at the records, that they are going out of the business, but I did not do the accounting work for Eleanor Post from its inception.

I never knew of the concern except by name. But the last 2 months or 3 months that the concern was in business, they were on their way going down and I went up there and did the monthly work. They had very little sales because business was bad.

I do not want it to be misinterpreted that I was the official accountant from inception to conclusion.

Mr. HALLEY. Did you know that Livorsi had a narcotics conviction?

Mr. ROTH. I found it out many, many months after I was introduced to Mr. Livorsi by Mr. Giglio.

Mr. HALLEY. Did you know that Max Edler had a narcotics conviction?

Mr. ROTH. Did I? I did not know until I heard it in this courtroom today.

Mr. HALLEY. You never knew about it before?

Mr. ROTH. Never.

I wish to state that I met Max Edler possibly once in a year and a half. I have no business association with him.

Mr. HALLEY. Would you say that the Mama Mia Co., Joe Profaci was their chief client?

Mr. ROTH. No, sir.

Mr. HALLEY. But you had been working for them how many years?

Mr. ROTH. I would say 18 or 19 years.

Mr. HALLEY. Do you do all of the accounting for them?

Mr. ROTH. Yes.

Mr. HALLEY. Does Profaci have any other accountants?

Mr. ROTH. There are 3 or 4 companies in business and you have oil sold in drums and oil sold in 1-gallon cans, and then they have trading in oils and it is separate corporations, and I do the accounting work for all those corporations.

Mr. HALLEY. Do I understand that you categorically deny all of the charges made by Mike Cohen and David Lubben?

Mr. ROTH. As far as receiving money is concerned, that they paid me money to bribe officials, my answer is "Yes."

I also wish to call your attention to this: A man like Mike Cohen, when I filed his income-tax return, after he was in partners with David Lubben on the Reserve Trading Co. and he brought this accountant's report to me, I filed his tax return based on cash receipts and disbursements by taking the monthly checks and the canceled vouchers.

The aggregate amount of deposits was close to \$1,400,000.

I so reported that gross amount on his tax return. The aggregate amount of disbursements, let us assume, was \$1,350,000, but I wish to call your attention, gentlemen, that there was approximately seven or eight hundred thousand dollars out of that \$3,000,000 in checks drawn to the order of cash.

I also wish to call your attention that Mr. Cohen had a vault in a fictitious name in the Manufacturers Trust Co. which has not been brought out under testifying and a truthful man doesn't have deposit vaults under a fictitious name.

Mr. HALLEY. Do you know the name?

Mr. ROTH. No, sir, but if you desire, at the proper time I will give you the name. At the proper time, Mr. Counsel, if you so desire, I will give you those details and many more, because I am a little bit nervous and I can't collect my thoughts as chronologically, and as well as I want to.

Mr. HALLEY. Did you ever represent Lubben or Mike Cohen in any OPA matters?

Mr. ROTH. To the best of my knowledge; no.

Incidentally, Mr. Counsel, about Joseph Iger, Mike Cohen introduced me to Joseph Iger and I will tell you how he introduced me.

When I was working in the Mama Mia Importing Co. things were pretty bad with him; he didn't have a nickel. He borrowed. He came to the Mama Mia Importing Co. and requested to be given the opportunity in order to give him drums of oil in order to sell it on commission. For some reason or another, Mr. Profaci deemed in his judgment not to trade with him or didn't have the oil, or the oil was scarce.

I have never seen Mike Cohen for years and years prior to that. Then he made some arrangements with Joseph Iger and he made his office with him.

At one time he called me up and he says, "Louie, I would like to see you." He showed me an individual tax return that somebody filed for him with \$3,200 income, and he explained to me the situation, and I constructively advised him it's wrong, and I filed an amended tax return for him.

Then about a month or 2 or 3 or 4 months after that, the OPA examiner came into the Joseph Iger Co. and in the ordinary course of business in order to check up whether he is adhering to the general maximum price regulation. Mr. Cohen spoke to Mr. Iger and called me in. I never settled that case because the gentleman who you subpoenaed here today who was a former OPA enforcement attorney, recalled to my attention that Joseph Iger retained an attorney in order to settle the matter because he knew this attorney much better than me, and I stopped in the middle and never settled it.

Mr. HALLEY. I am not making a charge, but am merely trying to clarify the point that I understood the testimony was that you certainly were not an attorney. That is the thing to which I want you to address yourself, because obviously, they had attorneys.

The point that has been made in the testimony was that certain cash sums were paid to you by these people to fix matters at OPA and ATU?

Will you please address your statement to that?

It is obvious that you could not have been the attorney.

Mr. ROTH. Yes.

Mr. Halley, during the period that corn sirup was bought and sold there was a general maximum price. There was never any enforcement on the part of OPA of corn-sirup transactions that they went around to examine to see whether you are adhering to the price so, therefore, the opportunity could never have presented itself where the man would have a case in the OPA office.

Mr. HALLEY. Did you ever have a case in which you accepted cash money from Mr. Cohen?

Mr. ROTH. No, sir; no, sir.

Mr. HALLEY. You never accepted any cash?

Mr. ROTH. I never accepted any cash. It may have been a matter, a case, in the ordinary run-of-the-mill.

Mr. HALLEY. Did you ever get a cash payment from Michael Cohen?

Mr. ROTH. I do not ever recall receiving a cash payment from Michael Cohen.

Mr. HALLEY. You are not so definite now, is it possible that you got a cash payment from him?

Mr. ROTH. I don't know whether it is possible, or not. I cannot conceive in my mind where any incident could arise in an income-tax matter, because the income-tax authorities never examined him.

Mr. HALLEY. Are you prepared to state here, under oath, that you never received a cash payment from Mr. Cohen?

Mr. ROTH. I am a little bit nervous, but I am prepared to state I never received, to my knowledge, money to fix any case in the OPA, or ATU.

Mr. HALLEY. The question is: Did you ever receive a cash payment from Michael Cohen for whatever the purpose?

Mr. ROTH. To the best of my knowledge, I never got any cash from Michael Cohen.

Mr. HALLEY. Michael Cohen never handed you any cash?

Mr. ROTH. No, sir.

Mr. HALLEY. Did David Lubben ever hand you any cash?

Mr. ROTH. I did very little business with David Lubben, because he hated my guts. I was dirt under his feet because I was a Jew.

Mr. HALLEY. With whom did you do business at the company?

Mr. ROTH. When David Lubben had his own accountant who put in the same books and records in the Eatsum partnership that he had, in the proprietorship that he had, when this accountant got through with the monthly audit and submitted his statement, Mr. Giglio, at that time asked me to verify the statement and I did so verify.

My business with Mr. Lubben was of that particular nature and not anything else. I never bought any corn; I never traveled out west; I never sold any corn.

Mr. HALLEY. Let us try to get down to an answer.

Did you ever get any cash payment at any time from Lubben?

Mr. ROTH. To the best of my knowledge, I never got any cash payment from Mr. Lubben. The reason I answer that way, Mr. Counsel, is because sometime somewhere along he may have given me \$10 or \$25, or something like that.

Mr. HALLEY. Did you ever get a sum in excess of \$1,000 in cash from either David Lubben or Michael Cohen?

Mr. ROTH. I do not remember getting any money like that from Lubben or Cohen.

Mr. HALLEY. Could you forget a thing like that?

Mr. ROTH. I don't think I would have forgotten if I did a thing like that because it would stick in my mind, being an unusual amount.

Mr. HALLEY. Would you say that receiving \$1,000 in cash would be an unusual occurrence in your life?

Mr. ROTH. I would say so, because it is an unusual thing for me to receive \$1,000 in cash.

Mr. HALLEY. Did you ever receive \$1,000 or more from Mr. Giglio?

Mr. ROTH. Never.

Mr. HALLEY. From Mr. Loperfido?

Mr. ROTH. Never.

Mr. HALLEY. Did you ever get \$1,000 or more in cash from Mr. Betancourt?

Mr. ROTH. Never.

Mr. HALLEY. Did you ever get any cash payment from Mr. Betancourt?

Mr. ROTH. He may have paid me a bill. I am trying to come back to my mind. One of the bills, \$25 or \$50, he may have paid it to me in currency. If he did, that would be a record on my income sheet.

Mr. HALLEY. What services did you render Mr. Betancourt?

Mr. ROTH. I was down there very little. One of the men went down there in order to go to work and keep track of his cars of purchases and sales and whatever records he wanted.

Mr. HALLEY. Did you do just routine accounting?

Mr. ROTH. Routine accounting applicable to the type of business he was doing.

Mr. HALLEY. Did you handle any OPA matters for him?

Mr. ROTH. If I handled an OPA matter for him, it was a very, very ordinary matter that is not outstanding in my mind and not of great importance.

Mr. HALLEY. Is your answer, then, "no", that except for the fact that you possibly might have handled some trivial matter that you may have forgotten?

Mr. ROTH. I would answer it that way.

Mr. HALLEY. How much money did you receive from Mr. Betancourt in fees during the time you represented him?

Mr. ROTH. I would have to look at my check book and the income sheet.

Mr. HALLEY. How long did you represent him?

Mr. ROTH. I would say over a period of about 2 years.

Mr. HALLEY. You met him sometime in the middle of 1945, or thereabouts; did you not?

Mr. ROTH. That is right.

Mr. HALLEY. After you were in the Eatsum business?

Mr. ROTH. Mike Cohen recommended him to me.

Mr. HALLEY. Then you did some matters for him in 1945?

Mr. ROTH. To the best of my memory.

Mr. HALLEY. But by the beginning of 1946 he had already gotten another accountant to handle his own business; is that right?

Mr. ROTH. I can't answer "yes" or "no" because you are asking me questions of 4 years ago. I haven't got a diary and I haven't got a check book. It's not a matter of discourtesy that I don't want to answer the question; I want to answer, but I can't answer on account of lack of time and information before me.

Mr. HALLEY. I am trying to find out whether you rendered any special services or just minor services to Mr. Betancourt.

Mr. ROTH. I would have to look at the ledger sheet. It has come to my mind that he was behind in his records and I think we filed his tax return. I would have to look at the records because his account wasn't an outstanding one in my mind.

Mr. HALLEY. You know whether you worked for him, do you not?

Mr. ROTH. Counsel, I just mentioned the fact that I wasn't there all the time. One of the men was there and I would really have to look to see what was what in order to give you a correct answer.

Mr. HALLEY. Well, were there any big cases that you handled for Betancourt?

You just said Mr. Cohen is a liar in saying you got a \$500 fee for handling an OPA matter.

Mr. ROTH. I answered that because Mr. Betancourt followed me out and told me that Mike Cohen called me a liar and he told me I didn't handle that matter.

Mr. HALLEY. Did you ever handle any matter? I do not say that you have to identify a particular matter.

Mr. ROTH. For Betancourt?

Mr. HALLEY. Yes.

Mr. ROTH. If it was a matter, it was a run-of-the-mill matter, not outstanding in my mind.

Mr. HALLEY. Would you say that payments to you in the course of a year and a half of \$1,000 from Mr. Betancourt would represent routine minor services?

Mr. ROTH. I wouldn't say that.

Mr. HALLEY. If Mr. Betancourt said he paid you \$1,000, what would be your reaction to that?

Mr. ROTH. I would have to check it; something is wrong with his records.

Mr. HALLEY. Is something wrong with all of the witnesses?

Mr. ROTH. I did not say that. I would rather go by the evidence and the explanation of evidence.

Mr. HALLEY. Mr. Roth, do you recall whether you did receive \$1,000 from Betancourt, or approximately that amount, in fees?

Mr. ROTH. Mr. Halley, as you are aware, I am at the present time being examined by the income-tax authorities and their representatives are in this room. I ask you not to press me with those types of questions. I am willing to cooperate with the committee in every way humanly possible as far as the investigation of crime, but I do not think it is fair of you to press me with a question when I am being examined by the tax authorities.

Mr. HALLEY. I will pass that.

Mr. Roth, you did all of the accounting——

First, did you do it for the Bronx Home Products Co.?

Mr. ROTH. There was no accounting to be done. The only work I did for the Bronx Home Products Co., to the best of my recollection, I went down to the store sometime there after the beginning of the year on the recommendation of Mike Cohen to file an income-tax return. There were no books; there were no records, and I never did any accounting work for them.

Mr. HALLEY. Now, the Bronx Home Products was headed up by a man named Sidney Cohen; is that right?

Mr. ROTH. He was running the business, yes.

Mr. HALLEY. He was running it for Giglio and Livorsi?

Mr. ROTH. I never saw Mr. Livorsi there.

Mr. HALLEY. Did you see Giglio there?

Mr. ROTH. The once or twice I was at the Bronx Home Products, I saw him there.

Mr. HALLEY. Now, then, there was a company called the Tavern Fruit Juice, Inc., which is different from the Tavern Fruit Juice Co., that we have been talking about?

Mr. ROTH. That is correct.

Mr. HALLEY. Tavern Fruit Juice, Inc., was a company in which Miller and Dominic Gangi were partners?

Mr. ROTH. That is correct.

Mr. HALLEY. Were you also the accountant for Tavern Fruit Juice, Inc.?

Mr. ROTH. During the time that they were owners of the corporation I was.

Mr. HALLEY. Did you become their accountant at the time they first purchased Tavern Fruit Juice?

Mr. ROTH. I would say I started about a month after they purchased it.

Mr. HALLEY. That would be about the end of 1944; is that right?

Mr. ROTH. I will say yes, provided that is the time that they purchased it. I don't know.

Mr. HALLEY. Wasn't it a fact that Jack Miller was a close friend of Giglio?

Mr. ROTH. I do not know; at least, I did not know at that time.

Mr. HALLEY. Giglio introduced you to them, did he not?

Mr. ROTH. On the recommendation of Sidney Cohen I got that work.

Mr. HALLEY. On the recommendation of Sidney Cohen and not on the recommendation of Giglio?

Mr. ROTH. Yes.

Mr. HALLEY. Who introduced you to Sidney Cohen?

Mr. ROTH. Mike Cohen sold them sugar and he introduced me to them.

Mr. HALLEY. Was that prior to November of 1944?

Mr. ROTH. I don't recall the exact date.

Mr. HALLEY. It was just about the time and Miller and Gangi went into the Tavern Fruit Juice a month later?

Mr. ROTH. I said I did the accounting work for the Tavern Fruit Juice, Inc., a month after Miller and Gangi purchased the stock of the previous owner.

Mr. HALLEY. And Miller and Gangi purchased at the beginning of November, 1944?

Mr. ROTH. That is right.

Mr. HALLEY. When you first met Sidney Cohen you met him through Michael Cohen?

Mr. ROTH. That is right.

Mr. HALLEY. There was a meeting at the Park Central Hotel?

Mr. ROTH. No, sir. I think I went up to the store in the Bronx and I wanted to see what records he had there.

Mr. HALLEY. Then immediately after that you were introduced to Giglio and Livorsi at the Park Central?

Mr. ROTH. I don't remember meeting Mr. Livorsi at the Park Central Hotel.

Mr. HALLEY. Do you remember meeting Mr. Giglio at the Park Central?

Mr. ROTH. It comes to my mind that I may have met him at the Park Central.

Mr. HALLEY. And Mike Cohen took you there, did he not?

Mr. ROTH. I think he had to.

Mr. HALLEY. Iger was there, too, was he not?

Mr. ROTH. He may have been there.

Mr. HALLEY. Was not Livorsi there?

Mr. ROTH. I do not recall Mr. Livorsi there.

Mr. HALLEY. You do not remember Mr. Livorsi being there?



Mr. ROTH. Mr. Halley, you are asking me questions of 5 or 6 years ago and to me it did not play an important part at that time. I want to answer.

Mr. HALLEY. I am trying to find out why you would be meeting Giglio and Livorsi in order for you to arrange to represent Tavern Fruit Juice, Inc., if it was actually owned by Miller and Gangi.

Mr. ROTH. It was not a business conference at the Park Central Hotel.

Mr. HALLEY. What kind of conference was it?

Mr. ROTH. Pleasure.

Mr. HALLEY. What kind of pleasure?

Mr. ROTH. I do not recall.

Mr. HALLEY. You just went up there socially?

Mr. ROTH. He introduced me to them. It wasn't intended to be a business discussion.

Mr. HALLEY. When did you first represent Giglio?

Mr. ROTH. To the best of my knowledge I would say at the inception of the Tavern Fruit Juice when he bought out the interests of Gangi and Miller.

Mr. HALLEY. Prior to that time, is it your testimony under oath that you had no business dealings with Giglio?

Mr. ROTH. I do not recall.

Mr. HALLEY. Do you want to stand on that?

Mr. ROTH. Well, you are asking me a question of about 5 years ago, and I tell you I do not remember the circumstances, nor did I keep a diary, whom I met and whom I didn't meet and under what circumstances I met them.

Mr. HALLEY. Tavern Fruit Juice was changed from a corporation to a partnership and Livorsi and Giglio took it over; is that right?

Mr. ROTH. Well, they were partners.

Mr. HALLEY. Gangi, who had previously owned it, went to work for them; is that right?

Mr. ROTH. I think that was the set-up.

Mr. HALLEY. That was in April of 1945; is that correct?

Mr. ROTH. If that is the date of the inception of the partnership, that answer is correct.

Mr. HALLEY. What were the events leading up to the formation of the Eatsum partnership between Lubben, Giglio, and Livorsi?

Mr. ROTH. Mr. Giglio informed me that he was negotiating with Mr. Lubben to buy an interest in a candy company, and I met him up at the Columbus Circle office for the purpose of looking at the balance sheet. That was the occasion of the formation of the Eatsum, but negotiations went on prior to that which I had no part in.

Mr. HALLEY. Was there a meeting at the Donut Co. offices?

Mr. ROTH. You are bringing in a name which is very unfair to a very big organization.

Mr. HALLEY. You do not mean that I am bringing it in?

Mr. ROTH. No; the testimony here.

Mr. HALLEY. You have heard that there was a meeting in the office of the Donut Co.?

Mr. ROTH. There was never a meeting in the offices of the Donut Corp.

Mr. HALLEY. Was there a meeting in the offices of the attorneys of the Donut Corp.?

Mr. ROTH. One of his clients were the Donut Corp. of America, and there was a meeting in the attorney's office.

Mr. HALLEY. What is that attorney's name?

Mr. ROTH. Max A. Goldhill.

Mr. HALLEY. Did he represent Livorsi and Giglio in that transaction with Lubben?

Mr. ROTH. Yes.

Mr. HALLEY. Where is Mr. Goldhill's office?

Mr. ROTH. On the fifteenth floor of the Equitable Building.

Mr. HALLEY. Where is the office of the Donut Co. of America?

Mr. ROTH. Also on the fifteenth floor, but it is a suite set aside distinctly and separately from the Donut Corp.

Mr. HALLEY. Are they not one suite?

Mr. ROTH. No, sir.

Mr. HALLEY. You cannot walk from one to the other?

Mr. ROTH. Unless you go out into the hall.

Mr. HALLEY. But they have the whole fifteenth floor; is that right?

Mr. ROTH. They have the whole fifteenth floor. There is only two entrances to the two offices.

Incidentally, Mr. Halley, the owners of the building, the Equitable Life Insurance Co., on the fifteenth floor, had the Equitable library there, and also the gymnasium for their employees on the same floor, so there were many people always there.

Mr. HALLEY. Did you walk through the Donut Co. offices with Mr. Lubben?

Mr. ROTH. Never.

Mr. HALLEY. You did not on this occasion take Mr. Lubben through the offices?

Mr. ROTH. Never.

Mr. HALLEY. You went straight to the offices of the Donut Co.'s attorneys?

Mr. ROTH. I must have been in the office, but Mr. Lubben came in with his attorney.

Mr. HALLEY. And you went right to Goldhill's office?

Mr. ROTH. Yes.

Mr. HALLEY. Did Goldhill ever represent Eatsum in an OPA matter?

Mr. ROTH. I do not recall of any matters that he represented them.

Mr. HALLEY. Did you and Goldhill not come to Washington on an OPA matter?

Mr. ROTH. I mentioned that before. It was in reference to an application for additional ration points based on additional machinery.

Mr. HALLEY. That was OPA, was it not?

Mr. ROTH. That was OPA.

Mr. HALLEY. Was it ATU?

Mr. ROTH. Yes, sir.

Mr. HALLEY. Was it for \$1,000?

Mr. ROTH. It was \$1,000 or \$1,250, and the OPA granted it on the physical machinery, the points requested.

Mr. HALLEY. Now you have alleged very strongly that these sugar dealings were all proper; is that right? That there were no OPA violations?

Mr. ROTH. The purchase of liquid invert and the sales of jelly I alleged were proper.

Mr. HALLEY. Do not OPA regulations require that jelly be sold to be used as a jelly or as an allied product, and not in the manufacture of products? Is that not the key to the whole thing?

Mr. ROTH. I do not recall whether that was the key to the whole thing.

Mr. HALLEY. Do you recall whether or not the National Biscuit Co., which was one of the large purchasers, just took this jelly and dumped it into dough and did not use it as jelly at all?

Mr. ROTH. I cannot tell you, because I don't know what the National Biscuit Co. did with it to manufacture their product.

Mr. HALLEY. That will be pretty important, that this sugar sirup was first manufactured into jelly and then poured right back into dough as sugar; is that not a fact?

Mr. ROTH. I do not know. I know that that is one of the largest organizations in the world and I must assume that an organization of that type wouldn't do anything wrong and whatever was done and whatever they purchased, was correct, and in accordance with the law.

Mr. HALLEY. Let us stick to your client in connection with the Eat-sum. The Tavern people were the ones who got the liquid invert?

Mr. ROTH. Yes.

Mr. HALLEY. At the time it was a sugar sirup, was it not?

Mr. ROTH. All I know is that when I looked at the invoices it was billed as liquid refinery.

Mr. HALLEY. You know that it is the most expensive type of sugar that you can get?

Mr. ROTH. I do not know that.

Mr. HALLEY. You know that you obtained large quantities of the most expensive sugar on the market; is that not a fact?

Mr. ROTH. I cannot tell you it is a fact, but I do know that industrial manufacturers of jelly find it very advantageous to use liquid invert in the manufacturing of jelly. I cannot go beyond that because I do not know the process of jelly and the process of refining.

Mr. HALLEY. This was not jelly; it was imitation jelly, was it not?

Mr. ROTH. It may have been imitation jelly.

Mr. HALLEY. It was just turned over to baking companies who could not get the sugar themselves and who then dumped it into their dough?

Mr. ROTH. I do not know what the baking companies did with it.

Mr. HALLEY. What did you think they did with it?

Mr. ROTH. I know they used it in the manufacturing of their product.

Mr. HALLEY. And you know very well that the OPA regulation providing for these provisional allotments provided that jelly should not be used in connection with baking products?

Mr. ROTH. I do not know that.

Mr. HALLEY. Then they also had a corn sirup. Is it your contention that that was legitimate, too?

Mr. ROTH. The transactions were on the records.

Mr. HALLEY. They received a lot of cash, did they not?

Mr. ROTH. And they deposited a lot of cash.

Mr. HALLEY. And they kept a lot of cash in the cash box, did they not?

Mr. ROTH. And they withdrew a lot of cash.

Mr. HALLEY. You heard Mr. Livorsi testify that they got something like \$35,000 in thousand dollar bills?

Mr. ROTH. I heard it this morning.

Mr. HALLEY. Is it not a fact that the money they kept in the box was money they paid the black market?

Mr. ROTH. I assumed they kept it somewhere.

Mr. HALLEY. It was black market money?

Mr. ROTH. It was money in overages.

Mr. HALLEY. It was black market money?

Mr. ROTH. I didn't have anything to do with that. I am only giving you hearsay and I had never had a hand in those transactions.

Mr. HALLEY. You verified the transactions?

Mr. ROTH. I verified the transactions and there was another accountant that Dave Lubben employed when he was proprietor.

Mr. HALLEY. You know that you had a man there and did he not keep a record of the cash received?

Mr. ROTH. He may have had to verify those transactions if the accountant verified those transactions.

Mr. HALLEY. Just a minute. You know that Houseman kept records of this cash?

Mr. ROTH. I do not recall. He verified all the transactions and all the working papers and all the records that Berkew used in order to prepare a financial statement.

Mr. HALLEY. Houseman worked for you, did he not?

Mr. ROTH. Yes. If one of those working papers was a record of money going in, or money coming out, I say he verified it.

Mr. HALLEY. The money going in and coming out was money running at least into \$400,000 in cash: is that not a fact?

Mr. ROTH. Whatever the records indicate that is what it was.

Mr. HALLEY. The records were kept under your supervision, were they not?

Mr. ROTH. The Eatsum records weren't kept under my supervision.

Mr. HALLEY. Did Houseman keep the records of the cash?

Mr. ROTH. I don't recall.

Mr. HALLEY. Do you recall that Mr. Loperfido had a great deal of difficulty adding up the records?

Mr. ROTH. I do not recall that.

Mr. HALLEY. Would you deny it?

Mr. ROTH. I wouldn't deny it, either.

Mr. HALLEY. You had a pretty good memory on making certain charges against previous witnesses that you seem to recall a great many details.

I would like to know why you fail to recall that when I question you and Mr. Elich questioned you about a week ago. Did you not think it appropriate then to tell us about these things?

Mr. ROTH. I didn't hear the enormity of what was being said when you examined me, and I didn't know what was coming, so all this struck me like an atomic bomb.

Mr. HALLEY. You did not think it appropriate to tell us about their violations and what they had been doing until you found out there had been some charges about you; is that not right?

Mr. ROTH. I only answered the questions you asked, and if I recall, sir, you didn't ask me for any voluntary statement, and I went out.

Mr. HALLEY. Well, I asked you all about that transaction, did I not?

Mr. ROTH. Who? About Mr. Lubben's personal transactions and all?

Mr. HALLEY. That all grew out of it.

Mr. ROTH. No, sir; you didn't ask me. The only reason I brought those things out was when I realized that the man was painting himself in such an angelic mood and it was necessary to call the attention of the committee to check further in order to determine the truth and the facts.

Mr. HALLEY. Have you recently had a fight with Mr. Michael Cohen?

Mr. ROTH. I do not recall any fight I had with Michael Cohen.

Mr. HALLEY. Any dispute?

Mr. ROTH. I do not recall of any dispute.

Mr. HALLEY. He has been a very good friend of yours?

Mr. ROTH. I have been a very good friend of his, sir.

Mr. HALLEY. When he introduced you to Giglio and Livorsi?

Mr. ROTH. That is correct; he recommended the work to me.

Mr. HALLEY. In fact, he recommended Iger to you?

Mr. ROTH. He recommended Iger to me.

Mr. HALLEY. At the time you made a lot of money out of Giglio and Livorsi?

Mr. ROTH. Whatever I received, I earned.

Mr. HALLEY. You earned more than you ever earned in your life before; is that not so?

Mr. ROTH. I don't think so.

Mr. HALLEY. You earned a great deal more than you earned in 1944?

Mr. ROTH. I would have to refer to my tax returns to answer that question.

Mr. HALLEY. Did you bring a copy with you?

Mr. ROTH. No, sir.

Mr. HALLEY. Why would Mr. Michael Cohen want to attack your reputation?

Mr. ROTH. The only reason I can think of is that in order to avoid trouble with the income-tax authorities and the fact that he issued approximately seven or eight hundred thousand dollars in checks to the order of cash.

It is necessary for him to explain to whom he gave that cash if his tax returns were examined, because the way I filed his tax returns I include his gross income, and if a revenue agent examined the tax return, he would find that the gross income mathematically checked with the bank, but he would have to explain who he gave the cash to.

Mr. HALLEY. Incidentally, you seem to think that is such an important fact, you are aware of the fact that the ledgers of the American Brands Co.—let us bring out here what the American Brands Co. is.

Mr. ROTH. They purchased out the interest of the Tavern Fruit Juice Co., partnership.

Mr. HALLEY. In other words, American Brands was a corporation; is that right?

Mr. ROTH. Yes, sir.

Mr. HALLEY. It was formed by Giglio and Livorsi?

Mr. ROTH. Yes.

Mr. HALLEY. And you?

Mr. ROTH. I was not a stockholder; I was an accommodation officer and I had a blank resignation at the time of the corporation, and every one of the minute books shows it.

Mr. HALLEY. And there was a Mr. Howard Lawn there?

Mr. ROTH. Mr. Howard Lawn was an officer.

Mr. HALLEY. Why is it that the American Brands shows checks for hundreds of thousands of dollars in checks made out to cash? Can you explain that?

Mr. ROTH. At the direction of the owners of the business, sir.

Mr. HALLEY. Do you know what they were made out for?

Mr. ROTH. I would rather say expenses and entertainment and traveling, in order to secure new business and open up new businesses.

Mr. HALLEY. You mean entertainment expense going into hundreds of thousands of dollars?

Mr. ROTH. I think at that particular time, and this is my opinion and the best of my memory, Mr. Giglio was interested in bringing out sugar from blackstrap molasses and he spent a great deal of time and money in order to work and follow through that particular process, and later on the corporation took over that work.

Mr. HALLEY. And you say that the hundreds of thousands of dollars in checks made out to cash were for that?

Mr. ROTH. I wouldn't know whether they were for hundreds of thousands of dollars; I would have to look at the records of the American Brands.

Mr. HALLEY. Where are the records?

Mr. ROTH. They have been in the hands of the, in my opinion, Treasury Department, and in the hands of the Referee in New Jersey for the past 3 years.

Mr. HALLEY. You know very well that all of the canceled checks have disappeared and that they do not have them?

Mr. ROTH. I do not know that.

Mr. HALLEY. Are you surprised?

Mr. ROTH. I am surprised.

Mr. HALLEY. Do you know where the checks are?

Mr. ROTH. I do not know where the checks are because they were in my room and the accountant examined all those in my room.

Mr. HALLEY. Where are they now?

Mr. ROTH. I do not know.

Mr. HALLEY. Did you know that all those records were kept at the offices of the company at 19 Rector Street?

Mr. ROTH. They were kept at 19 Rector Street.

Mr. HALLEY. Do you know that a truck drove up one night and took all of the records?

Mr. ROTH. I only know by a comment of the Government official at a case which was tried in the seventh district court.

Mr. HALLEY. How do you account for that?

Mr. ROTH. That the truck pulled up and moved it away?

Mr. HALLEY. Yes.

Mr. ROTH. I cannot account for it. I was surprised that that existed.

Mr. HALLEY. Do you connect that up with the missing canceled checks?

Mr. ROTH. It may be. I can't connect it.

Mr. HALLEY. Let us get back to the corn sirup. You do know that they received this overage over the maximum legal price; is that right?

Mr. ROTH. It was common knowledge.

Mr. HALLEY. And that was illegal?

Mr. ROTH. Well, I don't know how to define it, but in order to exist you had to do business that way. It was the sustenance of business life.

Mr. HALLEY. For them it was a fairly profitable business?

Mr. ROTH. Regardless of the amount, it was just like the breath of life, you had to do business that way or go out of business. I don't know whether to term it illegal or compulsory.

To stay in business you had to do operations that way.

Mr. HALLEY. These people did not happen to go into the business earlier; they went into it when that opportunity presented itself?

Mr. ROTH. That was not my decision to make.

Mr. HALLEY. Let us talk about your client. Now Livorsi and Giglio had never been in the sugar business, had they?

Mr. ROTH. You mean in manufacturing jelly?

Mr. HALLEY. In any kind of sugar business?

Mr. ROTH. I do not know what sort of business Mr. Livorsi was in because I never took care of his affairs. I learned things afterward.

Mr. HALLEY. You very well know they were not in any part of the sugar or candy or jelly business?

Mr. ROTH. Prior to going into this business?

Mr. HALLEY. Prior to going into the Tavern Fruit Juice?

Mr. ROTH. I didn't know.

Mr. HALLEY. So it is perfectly clear that they did not have to go into this business?

Mr. ROTH. That was a matter whether you were in the corn business for 20 years or went in a day before, you had to work that way with the conditions that existed.

Mr. HALLEY. But your clients went into business knowing of those conditions?

Mr. ROTH. They went into business and made the decision.

Mr. HALLEY. They made very large profits out of it, did they not?

Mr. ROTH. The books and records will show the amount of profit that they earned.

Mr. HALLEY. You filed income tax returns for them showing that they owed very substantial amounts of tax?

Mr. ROTH. To the very best of my recollection.

Mr. HALLEY. Well, it went into the hundreds of thousands of dollars?

Mr. ROTH. Mr. Halley, I would have to look at the tax returns.

Mr. HALLEY. Did they not owe at least \$100,000?

Mr. ROTH. Mr. Halley, I would have to look at the tax returns.

Mr. HALLEY. You have a very good recollection of things when you want to make charges.

Mr. ROTH. I am not making charges; I am enumerating facts.

The CHAIRMAN. Mr. Roth, give us your best estimate of it.

Mr. ROTH. I could give you my best estimate, but not accurately, as you very well know, sir.

The CHAIRMAN. What is your best estimate?

Mr. ROTH. As to what question?

Mr. HALLEY. The question is: Is it not a fact that according to your own returns the income tax due from Livorsi was \$236,000?

Mr. ROTH. The income tax on Livorsi?

Mr. HALLEY. Due.

Mr. ROTH. I didn't get that.

Mr. HALLEY. According to your own return the income tax due from Livorsi was \$236,000?

Mr. ROTH. According to my own return the income tax due was \$236,000?

Mr. HALLEY. Yes.

Mr. ROTH. If my return shows that, that is the income.

Mr. HALLEY. The income. Do you deny and say that is the wrong figure?

Mr. ROTH. No; I wouldn't deny that being the wrong figure if I prepared the return.

Mr. HALLEY. Do you recall whether or not the return you prepared for Giglio showed that he and his wife owed an income tax of \$232,000?

Mr. ROTH. If the tax return indicates that I would say "yes."

Mr. HALLEY. Now, while you were supervising the accounts of these companies, did you make any effort to set up a system whereby money would be set up to pay these taxes?

Mr. ROTH. I advised individuals about the declarations to be filed, and I also advised them the money that they are to pay as they go along.

Mr. HALLEY. But you know that they paid no part of it?

Mr. ROTH. I realized later on that they didn't pay any of it.

Mr. HALLEY. Do you know Frank Costello?

Mr. ROTH. No, sir; I never saw the man in my life, and I wouldn't know him.

Mr. HALLEY. Did you ever tell Mr. Lubben that Costello was behind the business?

Mr. ROTH. I never did.

Mr. HALLEY. How could he have gotten that impression?

Mr. ROTH. I do not know.

Mr. HALLEY. I have no other questions at this time, Mr. Chairman.

The CHAIRMAN. I did not understand one thing.

Did you introduce Mr. Giglio to Mr. Lubben?

Mr. ROTH. No, sir.

The CHAIRMAN. Were you not present at the lawyer's office when they met and made this arrangement?

Mr. ROTH. Do you mean on the Tavern Fruit Juice?

Mr. HALLEY. On the Eatsum.

Mr. ROTH. On Eatsum?

The CHAIRMAN. On Eatsum.

Mr. ROTH. Yes, on Eatsum. I make my office in the lawyer's suite for the past 20 years, and I was present.



The CHAIRMAN. What were you doing present? How did you happen to be there?

Mr. ROTH. There was no particular reason except I make my office there and I was there.

The CHAIRMAN. I am talking about the first time Mr. Lubben and Mr. Giglio got together and talked about forming the partnership.

Mr. ROTH. I never was with them the first time.

The CHAIRMAN. You were not there the first time?

Mr. ROTH. No, sir.

The CHAIRMAN. When did you know about the partnership?

Mr. ROTH. When Mr. Giglio said he was negotiating with Mr. Lubben and he was going to buy half interest and for me to be at Columbus Circle in order to go over the financial facts.

The CHAIRMAN. You did meet them and went over the financial facts?

Mr. ROTH. I met them there.

The CHAIRMAN. They paid about \$45,000 to get into the business, or agreed to pay that much?

Mr. ROTH. Plus the profits that the company, the merged company, would earn by selling all of the jelly manufactured on the quota that the company had.

The CHAIRMAN. The payment was deferred until sometime after the partnership was operating; that is, the money was not actually paid until sometime later?

Mr. ROTH. The reason the money wasn't paid is that we started to examine the balance sheet of the corporation and we were on the books and records of the proprietorship for approximately a month in order to see what assets to take over and what liabilities to take over.

The CHAIRMAN. Meanwhile, Eatsum made enough money to pay Mr. Giglio and his associates as much as they were going to pay for a half interest in the business?

Mr. ROTH. Whatever the records indicate, that is what it is.

The CHAIRMAN. So actually, it did not cost them anything to get into business; is that correct?

Mr. ROTH. If you add it arithmetically and those are the facts, that is so, but there was no deliberate delay because the records were all examined.

The CHAIRMAN. But then when they started to sell out they got about \$940,000 from Mr. Lubben; did they not?

Mr. ROTH. Whatever the assets and liabilities show.

The CHAIRMAN. Well, you knew about that, did you not? You were in on the deal when they closed out the partnership?

Mr. ROTH. Correct.

The CHAIRMAN. Was that about the amount?

Mr. ROTH. I would have to look at the records, because during the past 4 or 5 years those figures were large sales and large purchases and everything was large. I would actually have to look at the agreement, the books and the records, in order to be able to answer accurately.

The CHAIRMAN. Did Mr. Lubben talk to you about wanting to get out and said he was tied up on a 5-year contract and could not get out? Did you know about that?

Mr. ROTH. I have a faint recollection about the contract, but Mr. Lubben didn't talk to me about him getting out, it was rather Mr.

Giglio spoke to me that he wanted to get out and disassociate himself with Mr. Lubben on account of the manner in which he has conducted Eatsum and it would only result into trouble.

The CHAIRMAN. When did you first know Mr. Livorsi? When did you first meet him?

Mr. ROTH. I would say sometime when Mr. Giglio bought out the Tavern Fruit Juice Co. from Miller and Gangi; somewhere around that period.

The CHAIRMAN. Who brought Livorsi in?

Mr. ROTH. Mr. Giglio brought Mr. Livorsi in.

The CHAIRMAN. What was the relationship between them?

Mr. ROTH. I think they were friends and they are friends.

The CHAIRMAN. Were they related?

Mr. ROTH. I do not know even to this moment whether they are related.

The CHAIRMAN. Mr. Livorsi never had had any experience in sugar or in the jelly business, had he?

Mr. ROTH. I have learned that he hasn't had any experience, but he was mainly in a factory just working with the men.

The CHAIRMAN. That is all, Mr. Roth.

(Witness excused.)

The CHAIRMAN. Miss Feldmann, will you come around, please?

Will you raise your right hand, please?

Do you solemnly swear that the testimony you are about to give to this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Miss FELDMANN. I do.

#### TESTIMONY OF MISS BEATRICE FELDMANN, NEW YORK, N. Y.

The CHAIRMAN. All right, Mr. Halley.

Mr. HALLEY. What is your full name and address?

Miss FELDMANN. Beatrice Feldmann, and I live at 119 Audubon Avenue, New York City.

Mr. HALLEY. You are a bookkeeper?

Miss FELDMANN. I am.

Mr. HALLEY. You were the bookkeeper for David Lubben in the Eatsum Co.?

Miss FELDMANN. That is right.

Mr. HALLEY. In 1944 and 1945?

Miss FELDMANN. That is right.

Mr. HALLEY. Did you work for Mr. Lubben before he entered into partnership with Mr. Livorsi and Mr. Giglio?

Miss FELDMANN. I did.

Mr. HALLEY. You kept his books?

Miss FELDMANN. That is correct.

Mr. HALLEY. After David Lubben entered into this partnership, did you continue to keep the books of the company?

Miss FELDMANN. I did.

Mr. HALLEY. At sometime in your work, did you find that large amounts of cash were being accumulated in the company?

Miss FELDMANN. That is right.

Mr. HALLEY. Will you explain the circumstances?

Miss FELDMANN. Well, I was informed that we were going to get into a deal on corn sirup. The details were not clear to me. We billed the cars of corn sirup, and later I found that there was an overage to the people to whom the cars were billed.

Mr. HALLEY. Who told you that you were going to have a corn sirup deal?

Miss FELDMANN. I imagine Mr. Lubben might have told me.

Mr. HALLEY. At that time there was no mention made of any cash?

Miss FELDMANN. No.

Mr. HALLEY. When did you first find out about the cash and how did you find out about it?

Miss FELDMANN. I found out about the cash sometime after the deal started because Mr. Loperfido couldn't make his figures come out correctly and he asked me to help him.

Mr. HALLEY. Had there been an effort to keep the facts from you about the cash?

Miss FELDMANN. I believe there was.

Mr. HALLEY. Would you tell the committee about that?

Miss FELDMANN. At the time Mr. Loperfido asked me to help him he asked me not to tell Mr. Lubben because I wasn't supposed to know anything about it.

Mr. HALLEY. Loperfido asked you to help him because he could not make the figures come out even?

Miss FELDMANN. That is right.

Mr. HALLEY. At the time did you find out what the cash was there for?

Miss FELDMANN. That is right.

Mr. HALLEY. It was an overage on the sales of corn sirup?

Miss FELDMANN. That is correct.

Mr. HALLEY. Did you keep certain records of the cash for the company?

Miss FELDMANN. No; I kept no records of cash. I kept a schedule of the cars as they came in through the railroad company. I kept the loss in barreling, if that was the case, and the invoice price.

Mr. HALLEY. You have seen records of cash, have you not?

Miss FELDMANN. I have.

Mr. HALLEY. Are you in a position to state the total of the amount of cash that came in?

Miss FELDMANN. It was in excess of \$400,000.

Mr. HALLEY. Were you ever told that Frank Costello had anything to do with the business?

Miss FELDMANN. No; not directly.

Mr. HALLEY. What do you mean by that?

Miss FELDMANN. Well, there was a rumor around the office that there was some connection with Mr. Costello. How it originated, or where it came from, no one ever knew.

Mr. HALLEY. Nobody ever told you, no responsible person?

Miss FELDMANN. No, I was never told directly; it was something that came through the grapevine.

Mr. HALLEY. Is there anything further that you want to say?

Miss FELDMANN. Since the question of anti-Semitism was brought up, I want to say that I happen to be of the Jewish faith. While I worked in an organization that was not Jewish, I would like to say that in Mr. Lubben's defense we closed on holidays and our girls were

not docket for it. If you examine the records you will find that Mr. Lubben made contributions far in excess of most people to Jewish organizations.

Mr. HALLEY. Are there any other things that you want to say?

Miss FELDMANN. In the first place, Mr. Roth just made a statement that the Reserve Trading Co. was a partnership and that he filed a tax return for Mr. Mike Cohen based on the fact that it was a partnership agreement. That is not true.

It so happens that Mike Cohen was paid a brokerage fee, or a commission, call it what you will, and that appears on the records of the tax return filed by Sproul-Schultz.

Second, Mr. Mike Cohen did not sell the stock that he held in General Confections to Mr. Lubben. That stock was sold by Mr. Cohen to Morris Stikorsky of the Sweet Tooth. The stock was worth \$25,000 and I believe it was sold to Mr. Stikorsky for \$14,000.

Since Mr. Roth never audited the Reserve Trading Co. books, I don't see how he knows what we issued.

Mr. HALLEY. Well, let us not argue about that.

Miss FELDMAN. That above covers it.

The CHAIRMAN. How about when Mr. Roth said Mr. Lubben made some rather vitriolic statements about the Jewish people? Did you ever hear about that?

Miss FELDMAN. No; I never heard Mr. Lubben say anything of the kind.

The CHAIRMAN. What is your impression as to Mr. Giglio and Mr. Livorsi? Do you know where they came from?

Miss FELDMAN. I knew nothing about them. I happened to be on vacation at the time the partnership agreement was signed. I knew nothing about it until I walked into the office after the vacation and my assistant informed me that we had a new boss. When I walked into Mr. Lubben's office I found Mr. Loperfido sitting at the desk. He introduced himself to me and told me who he was.

The CHAIRMAN. Did Mr. Livorsi spend any time around the office?

Miss FELDMAN. No; very little.

The CHAIRMAN. What did he do?

Miss FELDMAN. I don't know what he did.

The CHAIRMAN. What did Mr. Giglio do?

Miss FELDMAN. He spent some time in the office.

The CHAIRMAN. He did not do anything about sugar, did he?

Miss FELDMAN. I had very little to do with Mr. Giglio.

The CHAIRMAN. I believe that is all, Miss Feldman.

(Witness excused.)

The CHAIRMAN. Mr. Giglio, will you come around?

Will you raise your right hand?

Do you solemnly swear that the testimony you are about to give to the committee will be the truth, the whole truth, and nothing but the truth, so help you God.

Mr. GIGLIO. I do.

#### TESTIMONY OF WILLIAM J. GIGLIO, OCEAN PORT, N. J.

The CHAIRMAN. All right, Mr. Halley.

Mr. HALLEY. What is your full name and address?

Mr. GIGLIO. William J. Giglio, Comanche Drive, Ocean Port, N. J.

Mr. HALLEY. How old are you?

Mr. GIGLIO. Thirty-five.

Mr. HALLEY. Is there any statement you would like to make? You have heard the testimony today?

Mr. GIGLIO. I have no statement at this moment, sir.

Mr. HALLEY. Mr. Giglio, how long have you known Frank Livorsi?

Mr. GIGLIO. Most of my life.

Mr. HALLEY. How long would that be?

Mr. GIGLIO. Twenty years; 25 years.

Mr. HALLEY. Are you and he and your families friends?

Mr. GIGLIO. Very dear friends.

Mr. HALLEY. Where where you working in 1942?

Mr. GIGLIO. In 1942 I was in the liquor business. I had a retail liquor store in the Bronx, N. Y.

Mr. HALLEY. What was the name of that liquor store?

Mr. GIGLIO. Hub Wine & Liquor Co.

Mr. HALLEY. What was your particular function in that business?

Mr. GIGLIO. The Hub Wine & Liquor Co.?

Mr. HALLEY. Yes.

Mr. GIGLIO. I ran the business.

Mr. HALLEY. You ran the business?

Mr. GIGLIO. Yes, sir.

Mr. HALLEY. Was it a retail business?

Mr. GIGLIO. It was a retail business.

Mr. HALLEY. You went into the liquor business, learned the business, because your family was in it?

Mr. GIGLIO. I learned the business because when repeal came my father owned a liquor store in Long Island and I managed it for him.

Mr. HALLEY. Certain people went into business as Hub Wine & Liquor?

Mr. GIGLIO. Sir?

Mr. HALLEY. Certain friends of yours went into this Hub Wine & Liquor Co.?

Mr. GIGLIO. That is right.

Mr. HALLEY. And you were invited to participate?

Mr. GIGLIO. That is right.

Mr. HALLEY. Did you make any investment in Hub?

Mr. GIGLIO. I did.

Mr. HALLEY. How much?

Mr. GIGLIO. I don't recall the exact amount, but it was money borrowed from a relative.

Mr. HALLEY. It was a rather small amount?

Mr. GIGLIO. I think it was seven or eight or ten thousand dollars; something on that order.

Mr. HALLEY. How long did you stay in the Hub business?

Mr. GIGLIO. I believe, to the best of my recollection, that we sold the Hub Wine & Liquor Co. at the end of 1944.

Mr. HALLEY. When you say "we," did your partners sell out at the same time you did?

Mr. GIGLIO. Yes, sir.

Mr. HALLEY. And you made some money on that sale?

Mr. GIGLIO. Yes, sir.

Mr. HALLEY. You sold your interest for about \$75,000?

Mr. GIGLIO. Oh, no; nothing like that.

Mr. HALLEY. What did you get out of it?

Mr. GIGLIO. I don't quite remember exactly what we got out of it, but I believe that there was a profit in this entire operation of some fifteen or twenty or twenty-five thousand dollars.

Mr. HALLEY. Prior to going into Hub, had you gone into any other business?

Mr. GIGLIO. Prior to Hub, I was with a wholesale liquor firm.

Mr. HALLEY. Did you ever work as an inspector for an aeroplane parts company?

Mr. GIGLIO. I, during the war, put in some little time as an expeditor for a company manufacturing collapsible masts. They were for these rubber life rafts for the pilots.

Mr. HALLEY. What was the name of that company?

Mr. GIGLIO. I can't remember the name offhand. If I recall it I will tell you about it.

Mr. HALLEY. Well, we will find out.

How long did you work for that company?

Mr. GIGLIO. Not too long a period of time.

Mr. HALLEY. Were you not, in fact, deferred as an expert from the draft?

Mr. GIGLIO. Never. At that time I had three children and that gave me my first deferment. They then placed me in I-A.

Mr. HALLEY. I simply wanted to know whether you got a draft deferment on that.

Mr. GIGLIO. I merely want to make the record clear. I never had a draft deferment for any reason. I was I-A; had a physical examination and was rejected.

Mr. HALLEY. You were never deferred on the grounds of being an essential worker?

Mr. GIGLIO. True.

Mr. HALLEY. Of that you are positive?

Mr. GIGLIO. Positive.

Mr. HALLEY. How long did you stay at the aircraft plant?

Mr. GIGLIO. I don't remember, not too long a time. I think I was in it in 1943 or 1944, somewhere in there.

Mr. HALLEY. Was it the Cine-Teck?

Mr. GIGLIO. Cine-Teck, C-i-n-e T-e-c-k; yes, sir.

Mr. HALLEY. How long did you work for them?

Mr. GIGLIO. I am not quite certain, 6 months or a year, somewhere in there.

Mr. HALLEY. Was it in excess of a year?

Mr. GIGLIO. I wouldn't be sure.

Mr. HALLEY. You did that at the same time you continued in the Hub liquor business?

Mr. GIGLIO. Yes, sir.

Mr. HALLEY. Then in 1944 you went into the fruit juice business?

Mr. GIGLIO. No. In 1944, while I was in the liquor business, a man whom I knew since I was 15 or 16 years old, a man by the name of Max Cohen, father of the person whose name has been mentioned here earlier—

Mr. HALLEY. The father of Sidney Cohen?

Mr. GIGLIO. The father of Sidney Cohen.

He had a company in the Bronx about three blocks, I believe, from the place where I had this liquor establishment, Hub Wine & Liquor. They were in the business of manufacturing maraschino cherries, maple flavored table sirup, packaging it in bottles and packaging cans of maraschino.

They were also in the business of wholesaling a product, buying and selling a product, known in those days as flavored sirup which was a ration-free product.

Mr. HALLEY. Did you take some part in this Bronx Home Products Co.?

Mr. GIGLIO. Yes, sir.

Mr. HALLEY. Did you have an interest in it, financial interest?

Mr. GIGLIO. By this you mean an ownership interest?

Mr. HALLEY. Yes, sir.

Mr. GIGLIO. No, sir.

Mr. HALLEY. What was the part you took in the Bronx Home Products?

Mr. GIGLIO. I took the part of helping him to set up his equipment for manufacturing purposes. I took the part of selling and assisting Mr. Max and in anything he desired me to assist them in.

Mr. HALLEY. You did that out of friendship and got no money?

Mr. GIGLIO. I was paid for it.

Mr. HALLEY. Sometime later did you ever take over the business of the Bronx Home Products Co.?

Mr. GIGLIO. I was never the owner of the Bronx Home Products Co.

Mr. HALLEY. Were you the owner of any successor of the Bronx Home Products Co.?

Mr. GIGLIO. No, sir.

Mr. HALLEY. You were the owner of the Tavern Fruit Juice Co.; is that true?

Mr. GIGLIO. That is a true, a partnership.

Mr. HALLEY. Who were the partners of that company?

Mr. GIGLIO. Frank Livorsi and myself.

Mr. HALLEY. Was that a successor to Tavern Fruit Juice, Inc.?

Mr. GIGLIO. Tavern Fruit Juice, Inc., was a predecessor to the limited partnership known as Tavern Fruit Juice Co.

Mr. HALLEY. Tavern Fruit Juice Co. was the sirup company, was it not?

Mr. GIGLIO. The incorporated was a manufacturer of jams and jellies.

Mr. HALLEY. How about the corporation which Miller and Gangi were in?

Mr. GIGLIO. That is the one I am speaking of.

Mr. HALLEY. When they originally purchased it, it was a sirup company, was it not?

Mr. GIGLIO. When they originally purchased it, I am not too familiar with what exactly it was.

Mr. HALLEY. You would not deny it was a sirup company?

Mr. GIGLIO. I am afraid I didn't hear your question.

Mr. HALLEY. You would not deny that it was a sirup company?

Mr. GIGLIO. To the best of my recollection from the facts that I learned later, the Tavern Fruit Juice Co., Inc., in the years of 1942, 1943, and 1944, in there, was a company manufacturing maple sirups, imitation butter oils, and so forth and so on, and also had quotas for jelly and for sirups and so forth and so on.

Mr. HALLEY. The jelly quota was very small?

Mr. GIGLIO. The jelly quota that the Tavern Fruit Juice, Inc., had at that time, I am not familiar exactly with how much they had.

Mr. HALLEY. You know it was small?

Mr. GIGLIO. I know it was smaller than when I bought it.

Mr. HALLEY. Miller was a friend of yours; is that right?

Mr. GIGLIO. Miller?

Mr. HALLEY. Yes.

Mr. GIGLIO. Miller was a man who had been a salesman in the whisky business. Miller was also a friend of Sidney Cohen's and had been for many, many years, and I knew Miller; yes.

Mr. HALLEY. And Gangi was a brother-in-law of Livorsi?

Mr. GIGLIO. Yes, sir.

Mr. HALLEY. Is it your testimony that it was sheer accident that these two men happened to buy Tavern Fruit Juice, Inc.?

Mr. GIGLIO. Yes, they bought Tavern Fruit Juice, Inc., from the previous owners.

Mr. HALLEY. Why?

Mr. GIGLIO. To the best of my recollection it was recommended to them as a possible business they could go into or recommended, rather, to Jack Miller as a possible business that he could go into by Max Cohen who knew the previous owners of Tavern Fruit Juice Co., Inc.

Mr. HALLEY. Was it you who suggested that they go into it?

Mr. GIGLIO. No, sir.

Mr. HALLEY. Did you discuss it with Miller before he went into it?

Mr. GIGLIO. No, sir.

Mr. HALLEY. Did you discuss it with Gangi before he went into it?

Mr. GIGLIO. No, sir.

Mr. HALLEY. But some months later you and Livorsi purchased it from them?

Mr. GIGLIO. Yes, sir.

Mr. HALLEY. And Gangi went to work for you?

Mr. GIGLIO. Yes, sir.

Mr. HALLEY. What did Miller do?

Mr. GIGLIO. He went to work for us.

Mr. HALLEY. What was the business for?

Mr. GIGLIO. The manufacture of jelly.

Mr. HALLEY. An imitation?

Mr. GIGLIO. An imitation jelly that was not being made, incidentally, by ourselves, at that time. The same jelly was manufactured by possibly hundreds of firms throughout the United States.

Mr. HALLEY. In connection with the manufacture of jelly, you received very large sugar quotas; is that right?

Mr. GIGLIO. When we purchased from Miller and Gangi the Tavern Fruit Juice Co., Inc., we received with it at that time a sugar quota of 14,000,000 pounds, roughly, per year, of sugar quota. This was our base quota.



Mr. HALLEY. Was that what it was while Miller and Gangi had it?

Mr. GIGLIO. Yes.

Mr. HALLEY. Was the fact that Louis Roth was the accountant for Miller and Gangi?

Mr. GIGLIO. I believe that is true.

Mr. HALLEY. He was their accountant on your recommendation?

Mr. GIGLIO. On my recommendation? No, sir.

Mr. HALLEY. On whose recommendation?

Mr. GIGLIO. I believe Max Cohen recommended him.

Mr. HALLEY. You knew Roth at that time, did you not?

Mr. GIGLIO. Yes: I had met Roth.

Mr. HALLEY. Through whom?

Mr. GIGLIO. I met Roth at one time when he came to the Bronx Home Products Co. to see Mr. Cohen about some income-tax return that he was going to file, or some such thing.

Mr. HALLEY. Mr. Roth was brought to the Bronx Home Products Co., according to Mr. Mike Cohen, for the purpose of his meeting you and Livorsi?

Mr. GIGLIO. If Mr. Mike Cohen said that Mr. Roth was brought for the purpose of meeting myself and Livorsi this is untrue.

Mr. HALLEY. You disagree with that?

Mr. GIGLIO. I disagree with that.

Mr. HALLEY. But it is a fact that Roth was the accountant for Miller and Gangi in the Tavern Fruit Juice, Inc.?

Mr. GIGLIO. I believe that is so.

Mr. HALLEY. And during that period their sugar quota was raised to, you say, about 14,000,000 pounds a year: is that right?

Mr. GIGLIO. Would you like me to explain the sugar quota for you at that time?

Mr. HALLEY. Would you like to do it?

Mr. GIGLIO. I would.

Mr. HALLEY. Go right ahead.

Mr. GIGLIO. In the year 1944 all jelly manufacturers were permitted to manufacture as much jelly as they could manufacture and sell within the limitations of their equipment, the reason being in 1944 fats and oils and butter were in short supply and OPA requested of all jelly manufacturers to manufacture more spreads, more bread spreads.

The firm of Tavern Fruit Juice Co., Inc., manufactured a tremendous quantity of jams—not jams and jellies, but jellies, imitation jellies. In the 1944 period when Miller and Gangi were owners of this corporation. When I bought this company after the first of the year, they had already established a base. The base was established by historical use under provisional quota in the year of 1944.

Mr. HALLEY. Who supplied the brains for working out the scheme?

Mr. GIGLIO. You didn't need any brains. OPA asked you to manufacture jelly just as much as you could in those days.

Mr. HALLEY. The last time you and I talked you said you had spent many, many months studying the OPA regulations and had worked out the means of getting this sugar.

Mr. GIGLIO. Say that again.

Mr. HALLEY. It struck me that when we last talked I said that you had worked out the means of getting this sugar.

Mr. GIGLIO. I believe you are a little mistaken. I never said that.

Mr. HALLEY. What is the fact?

Mr. GIGLIO. What are the facts?

Mr. HALLEY. Yes.

Mr. GIGLIO. The facts are just as I have finished explaining them.

Mr. HALLEY. Did Gangi and Miller work it out?

Mr. GIGLIO. They didn't have to work anything out. I just explained to you that the OPA requested of every jelly manufacturer and this is not something that I am telling you, something you may find in OPA regulations and press releases.

Mr. HALLEY. I have studied them.

Mr. GIGLIO. You know what I am saying is so, then.

Mr. HALLEY. Did you look at the regulation that prohibits the jelly from being used by bakers?

Mr. GIGLIO. There never was such a regulation.

Mr. HALLEY. I suggest you look further.

Mr. GIGLIO. Let me explain something to you, sir. In the year of 1945 we manufactured imitation-flavored jellies from the sugar that we received under OPA allotment. All of our imitation-flavored jellies were sold to a very limited number of customers only the top customers in the country. The OPA regulations in those days said this about any finished product that you manufactured from sugar, whether it be candy, whether it be jelly, whether it be sirup or any product manufactured on a ration quota of sugar, that once you had changed the sugar into a finished product there was no longer any ration limitation. So when you say to me there was a limitation on the sale of our product as a baker's jelly to these big bakers, this is not so.

Mr. HALLEY. Can you think of a reason why the National Biscuit Co. would pay you a premium price for an imitation jelly when they could make it themselves?

Mr. GIGLIO. Not National Biscuit Co. alone, but National, Sunshine, Weston, Burry, and other big customers in this country.

Mr. HALLEY. If this was so simple and OPA was begging people to do it, why did these great companies turn to you?

Mr. GIGLIO. Why did they turn to us? Because in the year 1945 there no longer was any provisional quotas under OPA for a jelly manufacturer, but rather, as I said before, you received a base quota based on the historical use you had in 1944.

Mr. HALLEY. You didn't get in Tavern Fruit Juice until the very tail end of 1944, some time in November?

Mr. GIGLIO. No, I bought Tavern Fruit Juice Co., Inc., some time, I believe, in April of 1945.

Mr. HALLEY. And Miller and Gangi got into it in November 1944.

Mr. GIGLIO. If those are the dates, then it must be so. I don't know the exact dates.

Mr. HALLEY. Let's get on to the corn-sirup deal. That came in your next company, did it not?

Mr. GIGLIO. In May or June, and I am not completely—may I just say this aside from that question.

Mr. HALLEY. Surely.

Mr. GIGLIO. The books and records of all the companies in which I had any hand, whether it be Tavern Fruit Juice Co., whether it be

American Brands, any of the corporations set up, Eatsum or any of the businesses that I was engaged in, have been in the hands of the Internal Revenue for 2 years, or more.

Mr. HALLEY. All the books and records?

Mr. GIGLIO. All of the books and records. Let me amplify a statement that you made before. You said before that a truck picked up a lot of books and records and said to one of the witnesses here could it be possible that the checks for cash in a certain business were in this lot.

Mr. HALLEY. Yes.

Mr. GIGLIO. I would say that the chances are that they were, but you didn't ask where that truck went.

Mr. HALLEY. Where did it go?

Mr. GIGLIO. It went to the office of the accountant for the receiver in a receivership that we were in in 1948.

Mr. HALLEY. It may be there were several truck loads. I am authorized by the Bureau of Internal Revenue to tell you that they have your name on a truck-shipping order for some shipment of these books that was made at night at some other time and that the books just disappeared.

Mr. GIGLIO. The books and records, Mr. Halley, and for the Income Tax Department's benefit, have been in the hands of the Income Tax Department for over 2 years, and I am not the witness to this, but the receiver and the accountant for the receiver in our receivership are the witness to this.

Mr. HALLEY. This is a rather futile discussion. It may well be that these are facts that can be picked up, but these books are in the hands of the Bureau of Internal Revenue. They say they do not have the canceled vouchers. Where are the canceled vouchers? I am talking about the canceled vouchers of American Brands.

Mr. GIGLIO. I appreciate that, sir, but the reason I bring it out is that if I am a little bit indefinite in my timing, whether it be in May or June or July, the reason is that I haven't had the ability to refresh my memory by looking at my books and records.

Mr. HALLEY. You have discussed it a great deal in the last several months, have you not?

Mr. GIGLIO. No, sir; I have not. I have not had much in the way of opportunity to discuss it.

Mr. HALLEY. In fact you had a meeting when this committee's subpoenas were first served, did you not?

Mr. GIGLIO. What is that?

Mr. HALLEY. Didn't you have a meeting to discuss the case when the committee first served subpoenas on you?

Mr. GIGLIO. Yes, sir; I discussed this with the other men who were subpoenaed.

Mr. HALLEY. You have had other discussions, haven't you?

Mr. GIGLIO. Let me put this on the record, please.

Mr. HALLEY. Surely.

Mr. GIGLIO. I have never been requested by the income tax department to come to their office to discuss any of my affairs from my past business history. I have never been requested.

Mr. HALLEY. You then went with the Eatsum Co.; is that right?

Mr. GIGLIO. Around the middle of the year 1945.

Mr. HALLEY. There your partners were Lubben, Livorsi, and Loperfido, and who else?

Mr. GIGLIO. At the time that I became a general partner in the Eatsum Food Products, Mr. Lubben had 50 percent of this business in his name or in the name of his nominees. I am not quite familiar with the set-up of his 50 percent.

Mr. HALLEY. What was your 50 percent?

Mr. GIGLIO. My 50 percent was owned by Mr. Livorsi and myself and by Mr. Loperfido, who had a 5-percent interest in the company.

Mr. HALLEY. At this point would you tell the committee what Mr. Livorsi was able to contribute to the various businesses?

Mr. GIGLIO. Yes, I would like to. I started to say before that Mr. Livorsi was a very dear friend of mine, a friend of the family. His mother and father and my mother and father were friends I guess before we were. My grandmother was friendly with his mother and father. This is a family relationship. We are not related by blood, but we are friends for a long time.

Mr. Livorsi ran the plant in Brooklyn, where we manufactured jelly. I was the business end of the firm. He ran the plant.

Mr. HALLEY. Had he ever been in the jelly business before?

Mr. GIGLIO. No, sir; never to my knowledge at least.

Mr. HALLEY. When you took him in to run the plant, did you take him as an expert jelly maker?

Mr. GIGLIO. I took Mr. Livorsi in for a little different reason. I asked Mr. Livorsi if he wouldn't like to be a partner with me in a business that I thought would make some money. The reason I took him in is because Mr. Livorsi has a very lovely family. He has three lovely daughters and a lovely wife, and he is a lovely fellow and entitled to a break. As was brought out here earlier in this courtroom today, Mr. Livorsi had done a jail term for some crime, and I knew that he had paid his penalty. I was of the opinion that he was entitled to attempt to rehabilitate himself.

Mr. HALLEY. You say rehabilitate himself. He had never been in a legitimate business previously that he could remember. Did you hear that testimony?

Mr. GIGLIO. What is that?

Mr. HALLEY. Did you hear him testify that he couldn't recall having ever previously been in a legitimate business?

Mr. GIGLIO. Does that mean that a man who has done a jail term is not entitled to be in a legitimate business?

Mr. HALLEY. We are not talking about the jail term at all. He testified that never in his life that he could recall had he been in a legitimate business. Do you remember that?

Mr. GIGLIO. Yes; but that wasn't quite true, because from the time he came out of jail until the time he became my partner he was with legitimate businesses, as he so testified.

Mr. HALLEY. Yes; but we were talking about the time up to when he went to jail.

Mr. GIGLIO. Prior to that I don't know what kind of business he was in, but that wasn't really my affair.

Mr. HALLEY. You heard his testimony.

Mr. GIGLIO. I heard the testimony but that wasn't my affair at the time as to what his previous experience was.

Mr. HALLEY. Did you consider that he would be properly rehabilitated working for a salary in the dress business?

Mr. GIGLIO. I felt if a man wanted to go straight and wanted to work at some honest trade, he should be entitled to the chance.

Mr. HALLEY. Wasn't he working at an honest trade in the dress business?

Mr. GIGLIO. Yes, sure, he was.

Mr. HALLEY. Therefore what chance were you giving him that he didn't have in the dress business?

Mr. GIGLIO. I was giving him a chance to get into a business that I thought would make more money for him than he could make in the dress business.

Mr. HALLEY. In other words, you would give him a chance to get rich, is that right?

Mr. GIGLIO. I was giving him a chance to make more money than what he was presently earning or at that time earning in the dress business.

Mr. HALLEY. In fact you were hopeful of making very substantial profits, weren't you?

Mr. GIGLIO. I was very hopeful when I went into that business that it would earn a lot of money, yes.

Mr. HALLEY. You set up very elaborate offices, isn't that right?

Mr. GIGLIO. Yes. Some time later we had offices downtown. I don't remember the exact dates again. We had offices in downtown New York that were fairly elaborate offices. I believe that those offices cost us somewhere in the neighborhood of \$20,000 to build. If my recollection is clear, we went into them about the time we went into the Eatsum Food Co. partnership, and Eatsum Food Co. maintained offices, used an equal amount of offices to the best of my recollection with the Tavern Fruit Juice Co. in this particular office space. We each paid, I think, pretty close to the same amount of money for the office construction and for the rent.

Mr. HALLEY. Was the thought of moving the Eatsum office downtown yours or Mr. Lubben's?

Mr. GIGLIO. The thought of moving the Eatsum Food Co. offices from Columbus Circle down to 19 Rector Street I believe was something that was mutually acceptable to Mr. Lubben and myself. I never remember Mr. Lubben ever making any objection to moving his offices downtown. In fact, I thought at the time that he liked the idea because they were fairly dingy offices on Columbus Circle, and they were awfully nice offices downtown on Rector Street.

Mr. HALLEY. It was your idea?

Mr. GIGLIO. What was my idea?

Mr. HALLEY. To move down to Rector Street.

Mr. GIGLIO. My idea?

Mr. HALLEY. It was your suggestion.

Mr. GIGLIO. I suppose I made the suggestion to him that we move the offices of Eatsum down to 19 Rector Street, but I don't remember any objection on his part. That is what I was saying.

Mr. HALLEY. You did make a great deal of money in the Tavern Fruit Juice Co. and in Eatsum, is that correct?

Mr. GIGLIO. That is true.

Mr. HALLEY. Would it be right that in the year 1946 you and Livorsi between you made over \$500,000?

Mr. GIGLIO. May I explain all of this to you?

Mr. HALLEY. Oh, surely.

Mr. GIGLIO. No. 1, I would like to explain first the amounts of moneys quoted here as far as Eatsum Food Products Co. was concerned. When Mr. Lubben and myself dissolved this limited partnership that we had the assets of this company Mr. Lubben put forth, and I think you could find it all in the books and records in exact amounts, although I don't have the exact amounts, \$200,000 in the bank. If that was true, I will eat the bankbook. There never, in my opinion, was \$200,000 in cash in the bank of Eatsum at any one time for a very good reason. Eatsum, from the day that I went into it until the day that I dissolved that partnership with Lubben, always was in the hands of a factoring concern, a factor financed every account payable, not payable, but every receivable and financed in addition most of the inventories, to the best of my recollection, in field warehouses.

Mr. HALLEY. While you are on that, when you got into the corn-sirup business and started getting these very large amounts of cash payments, you didn't have that factored, did you?

Mr. GIGLIO. True, we still had it.

Mr. HALLEY. Wasn't that cash just paid over to Eatsum by Mr. Cohen and others?

Mr. GIGLIO. May I explain that situation to the best of my knowledge, please?

Mr. HALLEY. Surely.

Mr. GIGLIO. The running of the Eatsum Food Products Co., Mr. Halley, was entirely in the hands of one man, Mr. David Lubben. I don't think that anybody would argue that point, anybody who was in the business of Eatsum working as an employee or a customer or someone who supplied us with merchandise. I don't ever remember buying anything or selling anything for Eatsum Food Products Co. in all of the time that I was associated with it. Mr. Lubben ran that business. Mr. Lubben ran that business to the best of his ability. Mr. Lubben was in the same type of business for a long time before I was his partner and a long time after I left the partnership arrangement. Mr. Lubben, in my opinion, was a very capable man in the candy business. I wouldn't attempt to tell a person who knew as much as he did about the candy business how to run it, so I never attempted to tell him.

To get back to the corn deal that I heard so much about here today—

Mr. HALLEY. You heard about it before today, didn't you?

Mr. GIGLIO. Yes, indeed. I heard about it even in the year when it was going on. There was a lot of cash transacted at that time. Mr. Lubben even sold corn sirup for some 6½, as he testified here today, cents on the bill and some 5 cents for cash, or some such thing, that it took in \$400,000 and that he had paid out some X dollars, whatever the difference between \$400 and \$140,000 that he claims was in a black box that finally wound up in a partition in the wall in my office. Mr. Halley, \$140,000 worth of even \$100 bills—I have never seen the \$140,000 at one time in \$100 bills.

Mr. HALLEY. I want you to explain about the \$35,000.

Mr. GIGLIO. I will explain that, too, for you if you will give me the opportunity.

Mr. HALLEY. I just wanted to make sure you did that.

Mr. GIGLIO. I certainly will. This box containing \$140,000, I don't know what the dimensions were, but I would say that \$140,000 would take a fair-sized box even in \$100 bills. The space in my office that Mr. Lubben claims that this box was put in was a space something like 6 by 2 inches. I don't know what kind of box you could put \$140,000 in \$100 bills—incidentally, your investigators are in New York and I think they still could find that space. I would be glad to go back to that office. I sold it to some other people when we went out of the business. I think you would believe that you couldn't put \$140,000 in that space.

Mr. HALLEY. The record shows that \$410,000 in cash came in and went into the box at one time or another, isn't that so?

Mr. GIGLIO. I didn't get the first part of your question.

Mr. HALLEY. Don't your own records show that over \$400,000 in cash came into the company?

Mr. GIGLIO. My records, sir?

Mr. HALLEY. The company's own records.

Mr. GIGLIO. If they show it it must be true.

Mr. HALLEY. The partnership records are your records, aren't they?

Mr. GIGLIO. Mr. Halley, these records were kept by Mr. Lubben's accountant, a Mr. Bercu, all I ever saw.

Mr. HALLEY. Let's get it straight, these particular records were kept by—

Mr. GIGLIO. By Mr. Lubben.

Mr. HALLEY. By Mr. Hausman.

Mr. GIGLIO. Not to my knowledge.

Mr. HALLEY. Let me so advise you.

Mr. GIGLIO. It hadn't been to my knowledge up until you so advised me. All right, I believe you if you say that it is so.

Mr. HALLEY. Mr. Hausman is here, isn't he? Are you in the room, Mr. Hausman?

Mr. ARTHUR HAUSMAN (1405 College Avenue, Bronx, N. Y.). Yes.

Mr. HALLEY. Isn't it a fact that you kept the records of the cash?

Mr. HAUSMAN. Yes.

Mr. HALLEY. Thank you.

Mr. GIGLIO. Then you are saying that \$400,000 came in in cash in the transactions of this corn deal. Mr. Lubben testified that he paid out apparently \$260,000 of it to be able to purchase raw materials and that there was \$140,000 left. To this I say to you that it is the truth, that there was \$140,000 left, and I got my fair share of it, 50 percent. Incidentally, I filed for it in my income-tax returns. I hope Mr. Lubben has done the same thing for his sake, because we got \$70,000 each. I gave half of that to my equal partner, Mr. Livorsi. I don't know what he did with his, but I have a witness to the fact that he got his \$70,000.

Mr. HALLEY. This was cash?

Mr. GIGLIO. Cash.

Mr. HALLEY. \$100 bills?

Mr. GIGLIO. I don't remember whether it was \$100 bills or what. It is not important to me what he said. I said cash. There were \$100 bills, \$50 bills, \$20 bills. I don't remember exactly how I got it.

Mr. HALLEY. That would make a pretty big bundle. Where did you keep it?

Mr. GIGLIO. Where did I keep it? \$35,000?

Mr. HALLEY. \$70,000.

Mr. GIGLIO. Seventy? I didn't keep 70. I gave 35 to Mr. Livorsi and 35 to myself.

Mr. HALLEY. Before you started dividing it it was \$140,000 in cash.

Mr. GIGLIO. But there is a little variance in that story. I never kept it.

Mr. HALLEY. Where was it kept?

Mr. GIGLIO. Where was it kept? In Mr. Lubben's possession to the best of my knowledge.

Mr. HALLEY. How about Mr. Loperfido?

Mr. GIGLIO. It may have been.

Mr. HALLEY. Mr. Loperfido is a relative of yours?

Mr. GIGLIO. That is right.

Mr. HALLEY. Didn't he keep that cash originally?

Mr. GIGLIO. No, sir.

Mr. HALLEY. At no time?

Mr. GIGLIO. Mr. Halley, if you are asking me a question that you want me to answer with my own mind, then please don't tell me what he did with the cash. I am answering you. I am under oath here. I am telling it to you the best way I know how, and I am telling you the truth, fully realizing that I am under oath.

Mr. HALLEY. Who kept the cash?

Mr. GIGLIO. Who kept the cash? To the best of my recollection Mr. Lubben. I understand that at times Mr. Loperfido also held the cash.

Mr. HALLEY. Did you ever hold it?

Mr. GIGLIO. No, sir; absolutely and unequivocally no, never.

Mr. HALLEY. Did Mr. Lubben ever go to Florida and Cuba on a trip to buy candy?

Mr. GIGLIO. Mr. Lubben made many trips, even as I did.

Mr. HALLEY. Who handled the cash when you were away?

Mr. GIGLIO. I think you should ask that of Mr. Lubben. I am not familiar with it.

Mr. HALLEY. You heard testimony that Mr. Loperfido kept it for a while.

Mr. GIGLIO. If that is the truth and if Mr. Loperfido says that is the truth, then I am sure it is the truth. I don't know.

Mr. HALLEY. You were there.

Mr. GIGLIO. Mr. Halley, in the time that I was partner of Dave Lubben's, I must have spent 50 percent of my time traveling between the western-beach States, Louisiana, Florida. I was doing research and development, as is proved by my books and records, and many, many hundreds and hundreds of thousands of dollars were spent in this research and development on a new method of manufacturing sugar from a wasted product, blackstrap molasses. I am not attempting to get away from the cash. I am only attempting to explain to you that I spent an awful lot of time away from this business enterprise, Eatsum.

Mr. HALLEY. At some time you took \$140,000 in cash, and divided it up, is that right?

Mr. GIGLIO. At no time did I ever take \$140,000 in cash. I got from Mr. Lubben \$70,000 which he said was my share of \$140,000 that was left after this corn deal was over.



Mr. HALLEY. When did that occur?

Mr. GIGLIO. That occurred to the best of my recollection somewhere in January of 1946. I may be wrong by a day or a week or a month on that.

Mr. HALLEY. You then turned \$35,000 of that over?

Mr. GIGLIO. I did. I considered this income. I considered it a bonus. I reported it in my income-tax return.

Mr. HALLEY. Was it reflected in your books?

Mr. GIGLIO. Was it reflected in my books and records?

Mr. HALLEY. Yes.

Mr. GIGLIO. I don't remember how we reflected this, Mr. Halley.

Mr. HALLEY. Did you ever tell Mr. Roth that you got that much in cash?

Mr. GIGLIO. Did I ever tell Mr. Roth? This was on the books and records of Eatsum, Mr. Halley.

Mr. HALLEY. Your personal income of \$35,000?

Mr. GIGLIO. What need would I have of telling Mr. Roth about my personal income other than when my income-tax returns were filed?

Mr. HALLEY. Did he prepare your returns?

Mr. GIGLIO. Yes, sir.

Mr. HALLEY. Did you tell him you got \$35,000 in cash out of the deal?

Mr. GIGLIO. When he filed my income-tax return I told Mr. Roth that I had received cash from Mr. Lubben, and he put it in my income-tax return as cash received. I don't have copies of my income-tax return but I am sure you have and you can look at it and see that it is there.

Mr. HALLEY. If your income return is based on income received by the partnership, on a partnership return in 1946, would it then be wrong?

Mr. GIGLIO. What is that?

Mr. HALLEY. This is personal income to you rather than partnership income, this \$35,000, is that correct?

Mr. GIGLIO. Yes.

Mr. HALLEY. So it should be added—

Mr. GIGLIO. Wait a minute. Say this again. You are confusing me.

Mr. HALLEY. The \$35,000 was personal income to you.

Mr. GIGLIO. How could it be personal income to me? May I explain the entire company, corporation set-ups and income-tax return to you to the best of my knowledge?

Mr. HALLEY. Surely.

Mr. GIGLIO. In 1945 I and Mr. Livorsi were partners in the Tavern Fruit Juice Co., a limited partnership. We earned a substantial sum of money. To the best of my recollection somewhere in the neighborhood in 1945 of close to \$150,000. I may be wrong in that by \$25,000 or \$50,000 up or down. In 1945 we also had another limited partnership, Eatsum Food Products Co., which earned a lot of money. Both of these partnerships ended in 1946. In 1946 we formed the American Brands Corp. Because the limited partnership, Tavern Fruit Juice Co., went out of existence first, all of the assets of this company went into American Brands Corp., jelly manufacturers. A little later the Eatsum Products Co. was dissolved.

Mr. HALLEY. This \$140,000 then you say was income to the corporation, to Eatsum?

Mr. GIGLIO. Yes. Wait a minute. You are mixed up. Not to Eatsum. This was to Tavern Fruit Juice Co.

Mr. HALLEY. The \$140,000?

Mr. GIGLIO. Yes. Wait a minute. You are talking about the \$140,000 cash in the Eatsum transaction?

Mr. HALLEY. Yes.

Mr. GIGLIO. This was income to the Eatsum partnership, that is right.

Mr. HALLEY. And then it is obviously reported by Mr. Roth in the Eatsum partnership return.

Mr. GIGLIO. Of this I don't have any knowledge.

Mr. HALLEY. Wouldn't it be? When would you have such a large item and not have Mr. Roth report it in your partnership return?

Mr. GIGLIO. You see I am not a tax expert, Mr. Halley.

Mr. HALLEY. You are trying very hard to pin a tax case on Mr. Lubben and I want to know why.

Mr. GIGLIO. I am not attempting to pin a tax case on anybody. It is not my job to be an Internal Revenue Department agent. I am just sitting here attempting to testify.

Mr. HALLEY. If the \$140,000 was income to the partnership as you have asserted—

Mr. GIGLIO. That is right.

Mr. HALLEY. Certainly the partners who were remaining after January advised Mr. Roth of that fact. Is that right?

Mr. GIGLIO. Mr. Halley, can any other construction be put on a fact that where in the actual business of operating Eatsum Food Products Co., \$140,000 in cash was earned? Can there be any other construction to this except that it would be income of the partnership?

Mr. HALLEY. And, therefore, can I possibly assume that you didn't tell Mr. Roth about it?

Mr. GIGLIO. Did I tell Mr. Roth about the income to the partnership?

Mr. HALLEY. Surely.

Mr. GIGLIO. Mr. Roth was not the accountant for that firm.

Mr. HALLEY. Didn't Mr. Roth prepare the partnership return for Eatsum?

Mr. GIGLIO. If he did; I don't know whether he did or not.

Mr. HALLEY. Of course he did. Didn't you, Mr. Roth?

(No response.)

Mr. GIGLIO. Did he?

Mr. HALLEY. Of course he did.

Mr. GIGLIO. If you say he did, then he did.

Mr. HALLEY. No matter who the accountant was, wouldn't he be advised of \$140,000 in income?

Mr. GIGLIO. Mr. Halley, all I can say is that as far as I was concerned, and Mr. Livorsi was concerned, we filed on the money that we received in this Eatsum partnership, whether it be the cash portion or it be the income on the books and records. We filed for both portions, Mr. Halley, completely.

Mr. HALLEY. You seem to be very proud of having filed. How much did you pay after you filed?

Mr. GIGLIO. May I explain that point, too? I assume you would like me to explain that.

Mr. HALLEY. First state how much income tax was paid.

Mr. GIGLIO. I didn't pay any, for the simple reason—

Mr. HALLEY. You didn't pay any. Let's stop with that first. You may answer completely.

Mr. GIGLIO. Yes, I didn't pay any part of it, that is true.

Mr. HALLEY. Now explain your answer.

Mr. GIGLIO. The reason was that I didn't have any money to pay it with. Now may I explain my large income-tax liability to the Government and Mr. Livorsi's, too?

Mr. HALLEY. I would be glad for you to.

Mr. GIGLIO. I started to tell you before that in the year 1945 and ending in the year of 1946 after the first of the year of 1946 there were two limited partnerships in which we were engaged, both of them earning substantial amounts of money, possibly between the two somewhere in the neighborhood of \$400,000, which we had earned in a limited partnership, in two limited partnerships, which was considered personal income. In the year of 1946 we engaged in business in corporate form. We took all of these assets, as again can be proved by our books and records, took all of these assets and put them into these corporations.

When the corporations finally went bust and we went into a receivership, all of the moneys, some \$400,000 roughly, of our personal funds that went into these corporations, and we wanted to take a deduction of this \$400,000 on our income tax, we were told that even if you earned a million dollars personally in 1948 and if at the same time you invest this million dollars that you earned personally in 1948 in a corporation which goes broke or bankrupt, you are entitled to take a deduction, a capital loss deduction of \$1,000 a year. On this basis it would require Mr. Livorsi and myself to live about 200 years each to take off \$1,000 a year each year. That is the reason we owe the Government a large sum of money, not because we got it. We never had our hands on the money.

Mr. HALLEY. Those aren't special rules that were made for you. They apply to everyone.

Mr. GIGLIO. I appreciate that completely except that I was unfamiliar with these rules at that time, Mr. Halley.

Mr. HALLEY. You mean in all the time you were studying the OPA regulations you never read the income-tax law?

Mr. GIGLIO. Mr. Halley, I assure you of only one thing. I never invested my money in these corporations to lose it.

Mr. HALLEY. During which part of this period did you buy an estate in New Jersey?

Mr. GIGLIO. Somewhere around March or April, and this again is a matter of record, of 1946.

Mr. HALLEY. At this point your corporations weren't losing money, is that right?

Mr. GIGLIO. We were earning a lot of money at that point.

Mr. HALLEY. Did you make any declaration or pay any part of your tax according to the law that you pay part of the tax in advance as you go along?

Mr. GIGLIO. Mr. Halley, unfortunately I can't answer that question. This would be answered only by the books and records of the company. We made some declarations and paid some amounts of money.

Mr. HALLEY. Very trivial.

Mr. GIGLIO. If you say so. I am not conversant with this fact completely.

Mr. HALLEY. How much did you pay for the estate?

Mr. GIGLIO. I paid for the estate of the late Senator Barbour some \$100,000 for that estate.

Mr. HALLEY. I believe you told me that you bought the estate but you never did live in it.

Mr. GIGLIO. That is not true.

Mr. HALLEY. I am sorry if I am mistaken.

Mr. GIGLIO. I lived there with my family, with my wife, my four children, my mother and father, and an unmarried sister, and most times with some other members of my family, brothers and sisters who were married living there with me. One of the dangers of having too big a place.

Mr. HALLEY. How long a time did you live there?

Mr. GIGLIO. I lived there from June of 1946 until about June of 1948, Mr. Halley.

Mr. HALLEY. When did you sell it?

Mr. GIGLIO. I sold this house in August or September, to the best of my recollection or October, possibly, of 1947.

Mr. HALLEY. Did it occur to you when you sold the house that you should use the proceeds to pay your 1946 income tax?

Mr. GIGLIO. Mr. Halley, I used much of the proceeds of this sale of the house to pay creditors of the corporations that I had that had gone into pretty bad financial condition.

Mr. HALLEY. Don't you understand the Government comes first? Didn't your lawyers advise you of that?

Mr. GIGLIO. Wait a minute now. I don't believe my tax was due and payable at the time that I sold the house.

Mr. HALLEY. Oh, Mr. Giglio, the tax on 1946 income was due and payable long before you sold the house.

Mr. GIGLIO. Except, Mr. Halley, if you were under extension until September 15 of 1947, as I was at the time.

Mr. HALLEY. Did you get those extensions bearing in mind that they would make it impossible for you to pay the tax?

Mr. GIGLIO. I never had any idea of defeating my tax liability in any manner, shape, or form, Mr. Halley.

Mr. HALLEY. Mr. Giglio, did you have any gambling equipment at that country estate you bought?

Mr. GIGLIO. I did, Mr. Halley. I had two roulette wheels there.

Mr. HALLEY. Do you want to make an explanation of that?

Mr. GIGLIO. I would like to. It might sound bad, the thought that I had two roulette wheels. Roulette wheels are normally considered as gambling equipment and I would not like to be supposed here to be a gambler, because that is something I have never been.

Mr. HALLEY. Of course, these two roulette wheels were gambling equipment, were they not?

Mr. GIGLIO. May I explain why I had them? You asked me the question.

Mr. HALLEY. Yes, go ahead.

Mr. GIGLIO. I had a deal offered to me in which I was to get a legal license to run a gambling casino in the country of Panama. The con-

cession was to be that I was to pay 25 percent of the receipts of this company to the churches and the hospitals of Panama, much on the way I believe gambling is done at Monaco and other places in the world where gambling is legal. I was brought this proposition by a Panamanian gentleman whom I had met in Florida, I believe.

It never panned out. I spent some \$1,500 or \$2,000 or \$2,500 for equipment, on his promise that a week or two later I was to get this license and send the equipment down there. It never did come through. That equipment lay on my property for 3 years until it was warped and useless. I never attempted to sell it, nor did I ever attempt to use it, and I finally burned it to get rid of it.

Mr. HALLEY. You didn't have any kind of contract with any Panama people, did you?

Mr. GIGLIO. I never had a contract, because I wasn't told the truth, let's assume, by the man who told me he could get me a contract.

Mr. HALLEY. Before you got a contract you rushed out and bought two roulette wheels?

Mr. GIGLIO. Because he told me that within a week or two I would be ready to go to Panama, that is right.

Mr. HALLEY. So you had these roulette wheels shipped to a farm in New Jersey instead of to a shipping point near a port?

Mr. GIGLIO. I bought these two roulette wheels some period before that, let's say. I bought those things somewhere in 1946. I don't remember exactly when, possibly the early part of 1946.

Mr. HALLEY. What is your present business?

Mr. GIGLIO. At present I am in no business for myself, Mr. Halley.

Mr. HALLEY. What is your relation with Heparin Corp.?

Mr. GIGLIO. I have put in some 20 months in research and development for this pharmaceutical firm.

Mr. HALLEY. Is heparin a new drug?

Mr. GIGLIO. No, sir. Heparin is a very old drug.

Mr. HALLEY. It is relatively new in its use, isn't it?

Mr. GIGLIO. The uses of this drug, I believe, date back to somewhere around 1934.

Mr. HALLEY. It is being developed in new fields at this time, is it not?

Mr. GIGLIO. I don't think there are any new fields yet developed. It is a heart drug. It is one of the great boons to medical science today. I think the Army and Navy Procurement Division could explain that one to you. They buy great quantities of it.

Mr. HALLEY. Does the Heparin Corp. have a monopoly in the production of this drug?

Mr. GIGLIO. No, sir; not at all. There are about 15 or 20 manufacturers of this drug in this country today.

Mr. HALLEY. Of which your company is only one?

Mr. GIGLIO. Of which the company that I am employed by is just one.

Mr. HALLEY. I see. What is your position with that company?

Mr. GIGLIO. My position? I am in the position of general manager of it.

Mr. HALLEY. You operate the company?

Mr. GIGLIO. I operate the company under the direction of the owners of the company.

Mr. HALLEY. Have you had any previous experience in the drug business?

Mr. GIGLIO. No; but I have had tremendous experience in research and development of other products that qualify me for this particular job, and I wouldn't like to sit here and toot my own horn for 2 hours. I think if you were to ask that question of many scientists who have worked with me and for me in the past 5 or 6 years, they would tell you that.

Mr. HALLEY. I presume you are referring to the fact that you did some research in trying to make sugar out of molasses.

Mr. GIGLIO. I didn't do research. I built two pretty big plants, and actually did it.

Mr. HALLEY. And spent a great deal of money: is that right?

Mr. GIGLIO. And lost a great deal of money in research and development, as everybody does when they attempt to do research and development on something that has never been done before.

Mr. HALLEY. Nothing ever came of it?

Mr. GIGLIO. Well, let us say that up until today, nothing has come of it. I still have hopes that sometime in the very near future I will get sufficient funds to get patents on my knowledge of the sugar industry, at which time I think I can make a terribly successful business out of making sugar from what is today a lost source to us. I think that in a crisis when we may again have some necessity for OPA because of sugar shortage, or have some necessity for additional sugar, the fact that there is 25 percent of all sugar grown in this world thrown down the sewer or the drain, as it were, that could be recovered at a very low price, might be important to this country.

Mr. HALLEY. In the effort of finding the answer to that, you spent quite a bit of your creditors' and the United States Government's money: is that right?

Mr. GIGLIO. No; that is not true.

Mr. HALLEY. You could have used the money for the legitimate use of paying your taxes; isn't that true?

Mr. GIGLIO. You pay taxes when they come due, Mr. Halley. You don't pay taxes if you make \$2,000,000 and lose \$2,000,000 in a corporation. To my knowledge, you don't pay taxes on the money you make and not take it off for the money you lose. This was our case, and this is reflected in our books and records, again I say, Mr. Halley.

Mr. HALLEY. You do not deny that you owe the taxes?

Mr. GIGLIO. That we owe taxes?

Mr. HALLEY. That you personally owe taxes.

Mr. GIGLIO. I explained to you before the reason for my owing those taxes is because I made a capital investment, as an individual, in corporations that went into bankruptcy, in which I could not deduct my personal losses.

Mr. HALLEY. That is a fancy way of saying you took your profits and gambled with them, and you lost on the gamble.

Mr. GIGLIO. You are not putting it correctly. It is not a fancy way of saying anything. It is a fact. I didn't gamble with it. I invested it in a business. That isn't gambling, Mr. Halley. That is investing it in something I believe in as much as I believe that I am alive at this moment.

Mr. HALLEY. The result was that if you lost on it, you couldn't pay your taxes, and that is the result today?

Mr. GIGLIO. The result was that due to some inequalities in our present tax laws, again only in my opinion—I am only one man—where an individual earns money as an individual and invests it in a corporation, and the corporation goes into bankruptcy, I, as an individual who had earned a couple of hundred thousand dollars, was forced to declare this money as personal income and was not permitted to deduct it from my losses that I took in a corporation. If the income tax laws are inconsistent with what I would term logic—

Mr. HALLEY. Unless you have something further that you want to say right now, I have no other questions.

Mr. GIGLIO. Yes. I would like to make just this one statement. I would like to get this very clear.

The story of the assets of the Eatsum Food Products Co. was put forth here today by a couple of men. I don't think either one of them knew very much about the final facts. While I am not completely certain as to the amount of the inventory, the accounts receivable, and the money in the bank in Eatsum Food Products Co., it was added up for the Senator before by Mr. Lubben as being \$200,000 in the bank, \$300,000 inventory, \$300,000 accounts receivable—all very lovely numbers, all round figures—\$140,000 in a box in cash, and it added to \$940,000.

The true picture was that while there may have been some substantial inventories, accounts receivable and cash in bank, the statement they put forth did not allow for accounts payable; did not allow for the factoring company, whom we probably owed \$300,000 or \$400,000 at that time, because we never, in all of my recollection of Eatsum's business, factored our own accounts. Every day at the end of the day, every shipment, the bill was sent down to a factoring company who loaned us—Mr. Lubben could answer that better than I could—75 or 80 or 85 or maybe 90 percent of what we shipped. So when this was finally all over, there were some \$450,000, to the best of my recollection, in profits in this company.

Mr. Lubben, as Mr. Roth put forth here earlier, did not receive for his interest a pile of junk, a lot of loose ends of equipment. A plant that I believe was on the books for some \$150,000.

If you will check the amounts of money paid for equipment in this plant, I think you would find it in excess of that. So Mr. Lubben did not receive a pittance when he stepped out of this business, the way he put it, because he was unhappy with his partners or any other good reason that he put forth before. Mr. Lubben went out and took all of his plant and equipment. Mr. Lubben went back into business. I was not back in business when I split this partnership arrangement up with him. I didn't go back into the candy business. But Mr. Lubben had the benefit of plant and equipment; had the benefit, not with his own money but with other money borrowed from this factor and notes that he owed me—he was permitted to have this entire inventory, so that we ended business one day and tomorrow it opened up again, not in the fashion he depicted here, but in a fashion where I was in the business of liquidating the assets of a partnership and he was in the candy business all by himself, now owning 100 percent where before he had owned only 50 percent.

Mr. HALLEY. Would you say that you were able to make money as long as there were OPA regulations; that when the OPA went out, you went broke?

Mr. GIGLIO. I would say I would have been able to make money forever if I didn't make one unfortunate mistake—my timing and the lengths to which I went in attempting to manufacture sugar from blackstrap molasses. My efforts at that time did not go completely unnoticed or noticed only by myself and my companies. There are many big companies in the United States in the sugar business, in the molasses business, and in the finished products business, who knew of my efforts and could tell you about them.

I made one big mistake. I attempted to go too far too fast. That was my error.

Mr. HALLEY. I will admit you went far and fast, but you stopped simultaneously with the end of OPA, isn't that right?

Mr. GIGLIO. And for a very good reason, Mr. Halley. If OPA had continued for another 2 years, I would have continued to earn money in my jelly businesses for another 2 years, and, in my belief, in those 2 years I would have been able to complete my research and development work, as I later did, and today I would have had a gigantic sugar enterprise instead of being a bankrupt.

Mr. HALLEY. There were a lot of checks cashed, made by your American Brands Corp.

Mr. GIGLIO. Yes, sir, I heard that statement.

Mr. HALLEY. Will you explain that to the committee?

Mr. GIGLIO. I can explain it only in this way, Mr. Halley. As I said before, I traveled to Louisiana, to the sugar sections of Louisiana; I traveled to the sugar sections of the West. I think you would find, if you were to go through our books and records, and not just look at checks that say "cash," I think you would find that all of those checks were issued against vouchers where we had plane tickets, train tickets, hotel bills, and so forth and so on, restaurant bills and expenses, some of which, in odd dollars, you couldn't possibly explain, because they might be for tips or for taxicabs, and so forth and so on.

Mr. HALLEY. Of course, the cash checks ran to several hundred thousand dollars.

Mr. GIGLIO. I don't believe that.

Mr. HALLEY. Do you have the checks?

Mr. GIGLIO. I don't have the checks nor the books. I think I could disprove hundreds of thousands of dollars.

Mr. HALLEY. Where are the checks?

Mr. GIGLIO. Where are the checks? God bless you. [Laughter.] They are listed in our books and records that are presently in the hands of the Income Tax Department, and I am sure if you just went through the books and records you would find how many hundreds of thousands or 100,000 or 50,000 was involved there.

Mr. HALLEY. Several hundred thousand.

Mr. GIGLIO. If you say so, Mr. Halley, I will take your word for it, but I am sure if you also look deeper into the books and records, you will find the explanation for it.

Mr. HALLEY. Would you say a substantial amount of it was in traveling and entertainment?

Mr. GIGLIO. I would say so, absolutely. Mr. Halley, I would also say this, that when our books and records—



The CHAIRMAN. I do not understand how you could spend \$100,000, as the minimum amount, traveling around the country. That is a lot of money.

Mr. GIGLIO. This was not for me alone, Senator. I traveled, and can bring the facts and the proof to you, and carried with me 8 and 10 men, engineers and chemists. We went to New Orleans, 8 and 10 of us at the time. We went into the Florida citrus region, where we were attempting to reclaim sugar from the citrus waste juices from the canning industry in Florida, 8 and 10 men at a time. I moved 8 or 10 chemists and engineers out to Sacramento, Calif., in an attempt to extract sugar from grapes, during the war. It was a failure. It didn't work out.

But we went, for all of these expenses. I am sure, Senator, if someone would take the time to look, they would find the reasons for these expenditures.

The CHAIRMAN. What was your salary with this American Brands?

Mr. GIGLIO. My salary at that time, I believe, was \$1,000 a week.

The CHAIRMAN. What was your salary with Eatsum Food Products?

Mr. GIGLIO. Eatsum Food Products Co.—is that the one you mean?

The CHAIRMAN. Yes.

Mr. GIGLIO. I believe that was \$500 a week.

The CHAIRMAN. Mr. Giglio, one thing I did not understand. I believe you wound up the Eatsum Food Products Co. in January 1946, before you formed any of these corporations, did you not?

Mr. GIGLIO. You believe that I wound up—

The CHAIRMAN. You wound up the Eatsum Food partnership before you formed the corporations?

Mr. GIGLIO. No, that is not true, Senator. Your dates are a little mixed up. The corporations were formed in January of 1946.

The CHAIRMAN. And Eatsum Food was wound up in January, 1946?

Mr. GIGLIO. No, that is not true, Senator.

The CHAIRMAN. What is the truth?

Mr. GIGLIO. Eatsum Foods was wound up somewhere in March or April of 1946.

The CHAIRMAN. At the time you wound up Eatsum Foods, you did get the inventory, the money in the bank, and accounts receivable?

Mr. GIGLIO. Yes, plus the accounts payable to both the factoring company and to the people that we bought our raw materials from.

The CHAIRMAN. Anyway, it was in the neighborhood, you think, of \$450,000?

Mr. GIGLIO. Yes, but we didn't get it physically, Senator. Let's understand that point very clearly.

The CHAIRMAN. How much did you get physically?

Mr. GIGLIO. The only moneys that we received physically, to the best of my recollection, out of Eatsum Food Products in all of that time—by "physically," I mean the money that went into my pocket—in all the time I was connected with Eatsum Food Products Co., the only money that ever wound up in my hands was this \$35,000. Aside from that, all the other monies and all of the other assets eventually liquidated out into cash in bank, were turned over into these corporation assets and to corporation expenses.

The CHAIRMAN. The total amount you got out of the corporation, you and your partner, you would say would be \$400,000, out of the partnership, out of Eatsum Foods?

Mr. GIGLIO. Out of the partnership, Senator, in my opinion, when it was all liquidated out, there must have been fairly close to \$400,000. It had originally been more, but there were some materials there that had spoiled, and so forth, and I think that it wound itself down to about \$400,000.

The CHAIRMAN. During the calendar year 1945, did you earn that?

Mr. GIGLIO. No, sir; we earned it in a fiscal-year period. It was in a split period. We started in June.

The CHAIRMAN. In the fiscal year ending—

Mr. GIGLIO. Ending in 1946.

The CHAIRMAN. June 31, 1946?

Mr. GIGLIO. Ending in 1946. To the best of my knowledge, our taxes were payable in 1947, sir.

The CHAIRMAN. Your tax for the fiscal year ending June 31, 1946, would be payable—you got an extension until September, did you not?

Mr. GIGLIO. Until September of 1947, that is right.

The CHAIRMAN. September of 1947. You had the money there to pay the taxes?

Mr. GIGLIO. No, the moneys, as fast as we were getting them, Senator, were going into research and development work on this sugar project.

The CHAIRMAN. In other words, you took Uncle Sam's money and put it in some other business. That is what you did.

Mr. GIGLIO. Senator, only if you can say that if I earn money in 1945, I am not entitled to invest it or reinvest my money. If you can put that construction on that situation, then you would be right that I would be using Uncle Sam's money. But I don't think that is the proper interpretation.

The CHAIRMAN. Anyway, part of the income belonged to the Government under the tax law?

Mr. GIGLIO. Only, Senator, if it remained as a profit to me at the end of that taxable period, which it did not, because I put the money back into business again and lost it.

The CHAIRMAN. Did you agree to pay Mr. Lubben's tax?

Mr. GIGLIO. I did, sir.

The CHAIRMAN. You did?

Mr. GIGLIO. I agreed to pay his taxes; yes, sir.

The CHAIRMAN. You saw how much his tax was going to be, didn't you?

Mr. GIGLIO. Senator—

The CHAIRMAN. When you wound up the partnership, you saw how much his tax was going to be?

Mr. GIGLIO. That is right, sir.

The CHAIRMAN. Did you pay any of it?

Mr. GIGLIO. No, sir; we did not. I didn't feel that I would have any trouble paying Mr. Lubben's income tax when it became due, Senator.

The CHAIRMAN. Here you owe this tax, and you have had some money on hand, and you did not bother about paying any of it?

Mr. GIGLIO. Senator, possibly I was more, in those times, a man who was doing research and development work, than I was a financier or a tax expert, sir.

The CHAIRMAN. Anyway, the result was that you put the money in a corporation which paid you \$1,000 a week, and you traveled all over the country, and you got huge sums of money in cash, and the corporation finally went busted.

Mr. GIGLIO. That sounds a little harsh, Senator.

The CHAIRMAN. That is the fact of the case.

Mr. GIGLIO. The fact of the case is that all of those cash checks can be explained by vouchers that accompany those particular entries, Senator.

The CHAIRMAN. Traveling expenses, restaurants—

Mr. GIGLIO. Senator, I maintained men in Florida for months on end. I maintained men in Louisiana. I maintained men in California. I maintained men in Michigan. So, if there were hundreds of thousands in cash expenses, while it might sound like a lot of money offhand, it wasn't.

The CHAIRMAN. Was Mr. Livorsi in the American Brands Corp. with you?

Mr. GIGLIO. Senator, when I went into American Brands Corp., I held Mr. Livorsi's stock, because by that time there were a lot of people—during the year 1945 there were people, banks, people we did business with, who were criticizing the fact that Mr. Livorsi, who had unfortunately gotten himself into some trouble, was a member of this company. Mr. Livorsi decided that it wasn't required for his name to be in this company at that time if it were going to hurt our business efforts.

The CHAIRMAN. Anyway, he was a stockholder and part owner of American Brands originally?

Mr. GIGLIO. Yes, sir.

The CHAIRMAN. Your American Brands Corp. paid some dividends; did it not?

Mr. GIGLIO. American Brands paid dividends? I don't know whether it paid dividends or whether we borrowed some money out of it, Senator.

The CHAIRMAN. Anyway, you divided up money between you stockholders of American Brands?

Mr. GIGLIO. I was the only stockholder of American Brands.

The CHAIRMAN. You did a total business of 3½ million dollars, did you not, in 1946?

Mr. GIGLIO. I believe that is right. We did a pretty huge business.

The CHAIRMAN. Did you not divide up large dividends between the stockholders during that time?

Mr. GIGLIO. By "large dividends," you would mean what, Senator? You may be in possession of the information—

The CHAIRMAN. \$50,000 to you.

Mr. GIGLIO. Yes, sir; yes, sir, I borrowed \$50,000 from the firm when I bought that house down in New Jersey.

The CHAIRMAN. That is in addition to your salary?

Mr. GIGLIO. That is true, sir.

The CHAIRMAN. There is one thing I did not understand about this jelly that Eatsum made. You said the jelly business was good because the Government wanted to use it as a spread in place of butter and margarine.

Mr. GIGLIO. That is right.

The CHAIRMAN. What do you think about selling that to bakeries?

Mr. GIGLIO. Senator, this was perfectly 100 percent legal.

The CHAIRMAN. I mean, whether it was legal or not, it was not being used for a spread; was it?

Mr. GIGLIO. Jellies, once they are manufactured, go into many forms. They go into baker's jelly to be sold in barrel lots to restaurants, and to whoever consumes jelly by putting it on the plate of the patron. In those days, you remember, when you went into a restaurant, instead of getting butter you got jelly.

The CHAIRMAN. But your jelly was sold largely to National Biscuit, where they just put it in the dough and used it.

Mr. GIGLIO. They put it into doughnuts. They put it into cream-filled cookies. They put it into many other products they make.

The CHAIRMAN. There was not any point in making it into jelly for the purpose of putting in dough products; was there?

Mr. GIGLIO. Senator, you are arguing a question—

The CHAIRMAN. That was a waste of time to take sugar and make jelly and then put the jelly into the dough to make bread. Was that not a waste of time?

Mr. GIGLIO. Senator, the OPA regulations at that time permitted exactly this operation. And let me tell you further that OPA checked our operation time after time, all during the time we were in business.

Could I say just one more thing? I would like to clear up one more point that was made here today. It will take 1 minute. I know you gentlemen would like to leave.

Mr. Lubben made the statement here earlier today that I invested \$35,000 for a 50-percent interest; and then, because of some reason or another, some vague reason of books, and so forth and so on, we did not pay over the money for a 30-day period, in which time he had earned for me the \$35,000 that I was going to invest.

This is just a little bit untrue. I am searching for a better word, but "untrue" will do.

The CHAIRMAN. What is the fact?

Mr. GIGLIO. In that period of time, that firm, to the best of my recollection, earned some \$15,000 for the month. Let me tell you another reason why Mr. Lubben wanted me as a partner, and I think this was the most important reason, and I think you will agree. Part of the contract—and this is something that, if Mr. Lubben were to give you his contract that he engaged in with me when he engaged in business, it shows that one of the provisions for my becoming a 50-percent partner was that I permitted the Eatsum Food Products Co. to wholesale the jellies made by my company. This represented a profit to the Eatsum Food Products Co. of possibly \$250,000 or \$300,000, to the best of my recollection. It may be \$50,000 either way. This was moneys that I was responsible for Eatsum earning. Mr. Lubben had nothing to do with that.

I think you would agree that if a man were willing to invest \$35,000 in a company, and then give you the ability in that company to earn \$200,000 or \$250,000, that anything I ever got out of Eatsum was only something that I earned from Eatsum.

Mr. HALLEY. I thought you testified sometime ago that Lubben ran Eatsum practically single-handed.

Mr. GIGLIO. He did; he did.

Mr. HALLEY. You have just said now that you made it possible for him to earn this big money.

Mr. GIGLIO. Only under original contract where I agreed to wholesale all of our fruit jellies or imitation fruit jellies in this manner: Tavern would sell to Eatsum; Eatsum would mark the material up 15 percent, which was the legal wholesale mark-up, and they would, in turn, sell to National Biscuit and Sunshine Biscuit, and so forth. So, Eatsum earned some \$200,000 or \$250,000, not on Eatsum's efforts, but on the sale of materials that I was already selling.

Mr. HALLEY. At least, to that extent you did have something to do with Eatsum. It wasn't just Lubben running Eatsum.

The CHAIRMAN. Mr. Giglio, on that basis you are putting in another step through which these products would pass in order to gather another 15 percent?

Mr. GIGLIO. Senator, the OPA regulations——

The CHAIRMAN. I am not talking about the regulations. I am talking about whether you did that or not.

Mr. GIGLIO. It is true that you were permitted to earn 15 percent as a wholesaler. This was all within the ceiling price of this material, Senator.

The CHAIRMAN. In other words, you added 15 percent on, which Eatsum got, for which they did nothing: is that correct?

Mr. GIGLIO. That is true. Instead of Eatsum making it, the firm of Tavern Fruit Juice Co. could have earned it. But Eatsum earned the money. That was one of the parts of the contract for giving us a 50-percent interest in the Eatsum company.

Mr. HALLEY. Mr. Giglio, you know very well that OPA would have investigated that and stopped it if it did its own wholesaling.

Mr. GIGLIO. In those days the OPA had a right to set a ceiling price. If their ceiling price on this jelly were 10 cents for argument's sake and if I wanted to sell it through a wholesaler, I had to sell it to the wholesaler at 8½ cents so that he could make the additional 15 percent or 1½ cents. So, this wasn't any question of raising necessarily the ceiling price. We always stayed within the ceiling price of this commodity. I gave it as a part of the deal to purchase 50 percent of the Eatsum Food Product Co. I think that you will find that this is a matter——

Mr. HALLEY. You mean that is in lieu of your paying the \$35,000?

Mr. GIGLIO. No; we paid the \$35,000 plus this other point.

Mr. HALLEY. It was really a way to get a little additional price out of your customers?

Mr. GIGLIO. Completely untrue.

Mr. HALLEY. Of course it was.

Mr. GIGLIO. Are you asking me or telling me?

Mr. HALLEY. I am telling you.

Mr. GIGLIO. You are telling me, and I deny it.

Mr. HALLEY. I am telling you because I happen to know.

Mr. GIGLIO. I say it is untrue. We were within the ceiling price of OPA.

Mr. HALLEY. You were investigated from time to time by OPA; were you not?

Mr. GIGLIO. Let me put it this way to you: OPA checked us, spot-checked us. OPA would come in every couple of months, to the best

of my recollection, and take samples of the materials that we produced there, these jellies, to satisfy themselves that we were manufacturing jelly.

Mr. HALLEY. Did you thereafter hire the OPA man who had been in charge of investigating you?

Mr. GIGLIO. We sometime in 1947, possibly a month or two before the end of the rationing, hired one of the men that was in OPA, Mr. Halley. May I also say this in my defense on that question, Mr. Halley? To my recollection, Tavern Fruit Juice Co. and American Brands, or any of my corporations, never had a case in OPA to the best of my recollection. We never were in OPA either under investigation or for any other reason.

Mr. HALLEY. Isn't it a fact that Eatsum Food Co. was 1 of 17 companies penalized by the Office of Price Administration on July 11, 1945?

Mr. GIGLIO. Yes, sir. For violation created long before I was a partner, Mr. Halley.

Mr. HALLEY. You said there wasn't any violation.

Mr. GIGLIO. I said that Tavern Fruit Juice or none of my corporations ever had a violation in OPA. I couldn't conceivably be responsible for a violation of Eatsum Food Products Co. before I became a partner there.

Mr. HALLEY. This doesn't say when the violation occurred.

Mr. GIGLIO. If you will check it, you will find it happened quite a while before I became a partner.

The CHAIRMAN. I was interested in the OPA man you employed in 1947. Was he the man who had been inspecting you?

Mr. GIGLIO. No. I didn't know this man, Senator. This man was hired by some other member of my firm.

The CHAIRMAN. Was he one of the men who had been inspecting your plant?

Mr. GIGLIO. No, sir. This man to the best of my knowledge was never in my plant, never my office, Senator.

The CHAIRMAN. Do you know the reason you got a former OPA man?

Mr. GIGLIO. The reason that we got a former OPA man?

The CHAIRMAN. Yes.

Mr. GIGLIO. Senator, I think that he could best answer that question for you.

Mr. HALLEY. Isn't it a fact and don't you know it to be a fact that he worked on your company when you were in OPA?

Mr. PFEFFER. That is absolutely unequivocally untrue. I worked on what?

Mr. HALLEY. Eatsum Food Products matters.

Mr. PFEFFER. I did not, most emphatically. He never mentioned the word "Eatsum".

The CHAIRMAN. Well, we will give you a chance.

Mr. PFEFFER. That is a deliberate untruth.

The CHAIRMAN. That is all, Mr. Giglio.

Mr. GIGLIO. Thank you, sir.

The CHAIRMAN. Come around, Mr. Pfeffer. Do you swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PFEFFER. I do, sir.

**TESTIMONY OF HARRY PFEFFER, CEDARHURST, NASSAU COUNTY,  
LONG ISLAND, N. Y.**

Mr. HALLEY. What is your full name?

Mr. PEEFFER. My name is Harry Pfeffer.

Mr. HALLEY. What is your address?

Mr. PEEFFER. I am presently living at 623 Central Avenue, Cedarhurst, Nassau County, Long Island, N. Y.

Mr. HALLEY. What is your present business?

Mr. PEEFFER. I am a practicing attorney, practicing law at Brooklyn, N. Y.

Mr. HALLEY. Did you ever work for the OPA?

Mr. PEEFFER. I certainly did from January of 1943 to about December of 1946 or January of 1947.

Mr. HALLEY. Did you have anything to do with sugar rationing?

Mr. PEEFFER. For a short time; I did.

Mr. HALLEY. Did you have anything to do with sugar price control?

Mr. PEEFFER. Yes, we had very little to do with sugar price control, though, as a matter of enforcement.

Mr. HALLEY. How did you happen to be employed by American Brands Corp.? Will you state the circumstances leading to your employment?

Mr. PEEFFER. I knew little about American Brands, knew nothing about Eatsum. I think it may have been in the latter part of 1945 or some part of 1946. I met Howard Lawn, I think it was down in the Southern District Federal Building, I just knew of Howard Lawn. Some time thereafter I was on the fourth floor I think it was of the Empire State Building. The enforcement division was on the third floor. I was either going to a conference or coming from a conference. I don't recall which, I was introduced to Howard Lawn at that time. I had previously had him pointed out to me. I hadn't met him formally. Some time thereafter I don't know the exact date—I was handling among hundreds and hundreds of other cases a case involving some price violator, I think it was on some form of flavored sirup.

Mr. HALLEY. Tavern Fruit Juices?

Mr. PEEFFER. No, definitely not. It was an individual who lived in New Jersey. I don't recall his name. As a matter of fact, I think the first lawyer who came in was a man named Kohn. We discussed or we tried to arrive at the kind of product he was selling. The invoices taken by my investigators, and I was not an investigator, I was at all times an inside man, originally an enforcement attorney, then a senior enforcement attorney, and finally I became chief of the food enforcement section. This man named Kohn, I think came from Paterson. I was endeavoring to ascertain and couldn't tell from my investigator's transcript the kind of flavored sirup the man was selling.

I didn't know whether it was pure cane with a little bit of flavor, whether it was buttered with corn or anything else. I didn't know its Baumé. I was endeavoring to ascertain the kind of product that this man was selling to apply the general maximum price regulation. We didn't get very far. There were adjournments. Finally, Mr. Lawn came in. I had seen him only once before and had been introduced to him once before. We discussed the matter. I tried to work out some method of settlement. By that time the man had beat it out of New

York. I knew he was living in New Jersey. Rather than send the matter to our Newark office, I insisted that the case be retained in New York and I was going to handle it and see it to a finish.

We couldn't find him. At least the United States marshal said he couldn't serve him with a summons and complaint. I was starting a treble damage action. I therefore drew up an affidavit, had one of my investigators deputized and sent him over to New Jersey to serve the summons and complaint. That paper was served. Mr. Lawn came in later. We negotiated. I drew a memorandum of law recommending settlement, and I think the case was settled for approximately \$10,000, with a check going to the United States Treasury. That settlement was duly approved and settled and the case was closed.

That is the only case I have handled for Howard Lawn. I never handled anything for Bill Giglio. I never handled any case for anyone in American Brands, with this exception, and I didn't know he was with American Brands or Tavern Fruit Juice, which I didn't know anything about. Today during the course of the testimony the name of Joseph Iger was mentioned. I was conducting a survey in view of the various complaints coming in to the enforcement section on the prices at which canned fish, that is, tunafish, salmon, and sardines were being sold. There were lots of complaints. In the course of making a survey on certain wholesalers, there were lots of people going into that phase of the operation, we checked Joe Iger.

Then again we had no special maximum price regulation at that time. We had to go back to the general maximum price regulation to see what the commodity sold for in March of 1942 and whether the commodity was comparable. It was a rather difficult question to determine the ceiling.

Lou Roth came in in that case. We had several conferences. There were disputes about whether or not my investigators audited correctly or not. We endeavored to ascertain who was this man's closest competitor to determine what the ceiling price would be. I am frank to say that I think I was being stalled at that time because I recall quite vividly that a telegram came to my office after I had adjourned the matter for further negotiation and conference and Mr. Lou Roth had to attend I think it was the graduation of his boy at the University of Pennsylvania.

I was a little bit incensed because he knew it was coming and he should not have adjourned the matter to that date. Lou Roth may have come back after that and indicated to Iger that I was about to start a lawsuit against him, and he pleaded with me not to. At some subsequent day, maybe the next day, Mr. Herbert Tenzer came into the office. We checked and rechecked the audit. We settled the case. I prepared a memorandum of law. A check went upstairs in due order to the general fund and that settlement was approved in accordance with policy.

Mr. HALLEY. Did Lou Roth come to see you on an OPA matter for Iger?

Mr. PFEFFER. Lou Roth was in representing Iger originally.

Mr. HALLEY. Roth isn't a lawyer, is he?

Mr. PFEFFER. No. We had accountants and any number of people. Everybody was in, including public relations men. We had no fixed policy as to who could or could not represent a so-called subject in OPA at that time.



There was one other instance, I think. Of course I am drawing on my best recollection. The name Sidney Kohn was mentioned. In the course of our survey endeavoring to do something about what was happening in the flavored sirup business we ran into Sidney Kohn. We found no records, if any. We may have picked up a few invoices. We were unable to make any kind of audit. We did find this, as I recall, and this is from my best recollection. That the company Sidney Kohn was interested in I think had a sugar rationing quota for the processing of maraschino cherries, and I think we found that he was diverting that sugar into sirup. Under those circumstances I prepared and suspended that Sidney Kohn finally from any further sugar rationing allotments for the duration.

Mr. HALLEY. Is that the Bronx Home Products Co.?

Mr. PFEFFER. That may be the name. I am not too positive. I think it is.

Mr. HALLEY. Then Sidney Kohn later went to work for this Tavern and Eatsum and American Brands.

Mr. PFEFFER. I wouldn't know that although I did see Sidney Kohn there in the office when I first went there for the first time in February 1947.

Mr. HALLEY. How did you feel when you went to this new job after leaving OPA, and they were a flagrant violator?

Mr. PFEFFER. He wasn't. As a matter of fact—wait a minute, Mr. Halley. Let's not jump to conclusions. I had gone into this situation with Howard Lawn. Let me tell you of a particular instance of how careful I was. I had a big job in OPA. I had a lot of people making me all kinds of offers. They wanted me to go with them in the practice of law, businesses, and everything. I wanted to be very careful of what I was doing. I had a very reputable law firm downtown on Broad Street make me a very nice offer and maybe I am sorry I didn't take it, but that is just over the dam.

Mr. HALLEY. What made you go in with these people, American Brands?

Mr. PFEFFER. From time to time as I was going on my way and having had 3 years or more with OPA I was getting a belly full of food enforcement. There were all kinds of pressures. Everybody was criticizing us. We didn't have the staff to do the job. All people would do was send complaints in and they would think we were just mystics, we could just pull something out of the hat and prosecute a man and send him to jail. Those cases were difficult to prepare. I was just getting too much of it. I was looking around for a job. I saw Howard Lawn one day and I said, "Howard, I understand you are with some kind of firm." I knew nothing about it except I had heard rumors. He said, "Yes, and we are going to expand and we are going to develop in consumer packages, jams and jellies for national distribution."

He said, "I have watched you and know your reputation in Government and I think I have found a spot for you."

Mr. HALLEY. You knew Lawn pretty well at this point?

Mr. PFEFFER. Fairly well; yes.

Mr. HALLEY. Did you know Roth fairly well by that time?

Mr. PFEFFER. No. I had met Roth only twice. I never knew him so well.

Mr. HALLEY. Did you know that Roth and Lawn were together in this business?

Mr. PFEFFER. I didn't know it at that time.

Mr. HALLEY. When did you find that out?

Mr. PFEFFER. The very first day I reported or the next day, I had only met Howard Lawn and Giglio. May I digress for a moment? Since you have apparently cast an aspersion about my going with a business firm, having been with OPA. I think you should at least permit me to indicate what investigation I made.

Whenever the opportunity occurred, of new people in the sugar business, I inquired about American Brands. Who were they? I got a Dun & Bradstreet report, which indicated to me they were a substantial firm. In fact, on one occasion—I don't recall this man's name, he was a gray-haired investigator, who used to work for our special agents. That was a group that would deal with black marketing of ration currency of all kinds. He no longer was with OPA, but I think he had gone with Intelligence of Treasury. I am not too sure about that. He came into see me one day and he said, "Harry, there is talk of your going with American Brands." I said, "That is right."

I think at that time I had only met Howard Lawn. I may have met Bill Giglio.

He said, "You know, there is a fellow named Frank Livorsi working down there," and Frank, he said, had taken a narcotics rap. I said, "You are crazy." So I immediately proceeded to call Howard Lawn on the telephone, and I reiterated to him what this gentleman had told me. I said, "Howard, is that true?" He said, "Livorsi is neither a stockholder here nor an officer." He said, "He works for the firm." He said, "Bill Giglio could tell you more about that." This is before I even had a contract with them.

On a subsequent occasion when I was trying to decide should I go with the law firm or should I go with American Brands, I had a conference with Bill Giglio, and he told me substantially the same thing he told you today, that he had known Livorsi for years; true, Livorsi had spent time in jail; Livorsi was a supervisor or plant manager; he saw no reason, having paid his debt to society, why he couldn't employ him.

Mr. HALLEY. Did you know Joseph Keenan when he was working for OPA?

Mr. PFEFFER. Yes. Not too well, except I had this connection with him. I think at that time I was handling some phase, I think it was industrial use suspensions and other sugar enforcement. Joe, from time to time, would send down files to me, and would say, "Harry, you are the only fellow down here who will give me service." I said, "Joe, you send the stuff down and I will check it and get at it."

Mr. HALLEY. Did he ever refer to you any files on the Eatsum case?

Mr. PFEFFER. Files, never. I never knew of Eatsum.

Mr. HALLEY. Didn't you remember Joe Keenan went to work for Eatsum?

Mr. PFEFFER. I heard that later, merely through rumor. In fact, I recall this quite vividly, too. In OPA when a man was going to resign, practically everyone in the organization knew he was going to resign

and knew where he was going. One day I was upstairs on the fourth floor, the industrial uses section. I said, "Joe, there is talk about your resigning. Where are you going?" "Oh," he said, "I am going off to Florida some place. I don't know what I am going to do."

A long, long time after that, I heard he had gone with Eatsum. In what capacity, I didn't know, nor was I interested.

The CHAIRMAN. Let's see if I get this right. Were you in charge of the enforcement division in New York?

Mr. PFEFFER. I was, between about January and October of 1946.

The CHAIRMAN. That had charge of sugar enforcement?

Mr. PFEFFER. Yes. This was the set-up, Mr. Senator, if I may indicate it: I was chief. I was chief of what we call the section. We then had, I think it was four units. We had one man in charge of the meat unit, another man in charge of the poultry unit, another man in charge of, I think it was, retail matters, and an individual in charge of sugar. When I took over from a man named Isadore Freed, in about January of 1946—he had resigned—that section and that method of operation had been established for some time. Most of my duties were merely delegating and attending conferences and working on policy, except in a rare instance where we felt that one of my subordinates could not handle the situation and I, by force of circumstances, because we had inadequate manpower, had to go in and operate in the field.

For example, in the A. & P. case, we had what we thought was a sugar violation—

The CHAIRMAN. I do not want you to get away on some other cases. Anyway, the enforcement of regulations of Eatsum Food Co. was under your jurisdiction from January 1946 until October 1946; is that correct?

Mr. PFEFFER. Any violation; yes, sir.

The CHAIRMAN. Did you know that they were selling jellies to a biscuit company, and that they put the jelly into the dough, mixed it in with the dough?

Mr. PFEFFER. As a matter of fact, I had never heard of Eatsum, nor did any matter come across my desk. We had thousands of industrial users in and around our area. I wouldn't know whether Eatsum was making jelly or what it was making.

The CHAIRMAN. When did you go with American Brands?

Mr. PFEFFER. In the early part of February 1947.

The CHAIRMAN. What was that case that you were talking about, that you and Howard Lawn fixed up the penalty on?

Mr. PFEFFER. We didn't fix up a penalty. We worked out a method of settlement in accordance with policy.

The CHAIRMAN. What was that case?

Mr. PFEFFER. That was a case which involved, I think—

The CHAIRMAN. I mean, who was the party involved in that case?

Mr. PFEFFER. I don't know his name, sir. I know he lived in New Jersey. I don't know his name.

The CHAIRMAN. Was it anybody in connection with any of these corporations and partnerships?

Mr. PFEFFER. Nobody mentioned here today connected with a corporation.

The CHAIRMAN. What did you do with American Brands Corp.?

Mr. PFEFFER. Well, my first job was this—

The CHAIRMAN. I mean, were you the lawyer, or what did you do?

Mr. PFEFFER. I was the lawyer without having been retained originally as the lawyer, because they were getting into financial difficulties, and lawsuits were starting. That came later, though, Senator.

The CHAIRMAN. Did you handle rationing and OPA matters when you came with them?

Mr. PFEFFER. Nothing. As a matter of fact, I have here a letter—if you care to see it, you may—pursuant to a subpoena duces tecum, I have produced it—I was hired to handle nothing in OPA, and I wanted no part of OPA. As a matter of fact, the representation made to me was that American Brands was building factories or was about to build factories, and was going into the distribution of jams and jellies at the lower levels. That is, before the industrial user level. They were going to package them in jars and sell them to wholesalers, and in turn, they would be eaten by the consumer. I was supposed to have some phase of that operation.

But when I came into American Brands in February 1947 that proposition or that plan had not progressed to a point where it was actually working. Mr. Lawn told me that I would be on loan with Lawn International, and I will tell you what my duties were.

Other than the very first job I was given, which was to negotiate the closing of a lease on a plant over in Jersey City, which I did negotiate and which was closed, I thereafter worked on, I would call it, foreign trade and all sorts of surpluses. We thought we were going into that business, and we thought we knew sources of supply.

I do recall very, very vividly that after I had closed that lease transaction—and it took my breath away, because I had never seen anything like this—I was shown a letter of credit for \$1,400,000 drawn on one of the New York banks for the sale of 10,000 tons of reinforcing rods to Argentina. For many months we endeavored to work up a source of steel supply, in addition to learning what the restrictions were with regard to export licenses. That deal, I am sorry to say, just flopped.

There was another deal involving the purchase and sale of 600,000 bags of flour.

The CHAIRMAN. Anyway, I was asking you about OPA matters.

Mr. PFEFFER. I handled nothing in OPA, Senator, as far as that company was concerned.

The CHAIRMAN. Your salary was \$150 a week?

Mr. PFEFFER. No; my salary was more than that. My original contract was \$15,000 a year. For 3 or 4 weeks I got \$300 a week. Thereafter, it was \$150. Thereafter, it was \$100; and thereafter, it was nothing. In all, between February and October of 1947, I received \$5,200, and not \$15,000.

The CHAIRMAN. In October 1947 you left them?

Mr. PFEFFER. Just about that time, I think it was, that the equity receivership was filed in the chancery court of New Jersey, and thereafter I did do work for Mr. Giglio and the firm, who had been sued for merchandise purchased and other such transactions.

The CHAIRMAN. All right, is there anything else you want to say?

Mr. PFEFFER. Nothing, except that I don't think Mr. Halley is fair to indicate to Mr. Giglio, by the kind of question he put, that he hired a man who did investigating of Eatsum or American Brands or any

other of those companies. I never had one case involving those individuals come across my desk; and had I, I would not have accepted that job, just because of the inferences that might be drawn. I could have gone to any other companies, but I did want to get out of the law business. I felt there was security for me out of the law business.

The CHAIRMAN. We will accept your explanation.

Mr. PFEFFER. Thank you very much, sir.

(Witness excused.)

Mr. HALLEY. Mr. Lawn, Mr. Howard Lawn.

The CHAIRMAN. Do you solemnly swear the testimony you will give this committee will be the whole truth, and nothing but the truth, so help you God?

Mr. LAWN. I do, Senator.

The CHAIRMAN. The time is late, and let us get to the point with this witness as soon as possible.

#### TESTIMONY OF HOWARD M. LAWN, LONG BRANCH, N. J.

Mr. HALLEY. Mr. Lawn, you were formerly an Assistant United States Attorney in New Jersey?

Mr. LAWN. I was, Mr. Halley.

Mr. HALLEY. You headed up the Criminal Division, I believe?

Mr. LAWN. Yes, I did.

Mr. HALLEY. Toward the end of 1944, you took leave of absence?

Mr. LAWN. Toward the end of 1944, I disconnected my services.

Mr. HALLEY. Sometime in 1945, you formally resigned?

Mr. LAWN. Sometime in 1945, I received my official notice, which was merely a formality. My superiors permitted me to leave in 1944.

Mr. HALLEY. Did you at some subsequent time join the Eatsum Food Products Co. in some capacity?

Mr. LAWN. Never.

Mr. HALLEY. Did you at a subsequent time join the American Brands Corp.?

Mr. LAWN. Yes, I did.

Mr. HALLEY. At what time did you do that?

Mr. LAWN. Just after it was formed.

Mr. HALLEY. Did you advise the Eatsum Food Products Co. from time to time, before you joined the American Brands?

Mr. LAWN. I did not. I had nothing to do with Eatsum Food Products.

Mr. HALLEY. Were you not consulted at the time of the formation of the partnership?

Mr. LAWN. I was not. I have no recollection of anything about them.

Mr. HALLEY. Let me try to refresh your recollection.

You have heard testimony that Mr. Lubben and Mr. Livorsi and Mr. Giglio became partners. Have you heard that testimony?

Mr. LAWN. Yes, I heard that.

Mr. HALLEY. Were you, by any chance, present at any of the meetings leading up to the formation of that partnership?

Mr. LAWN. I have no recollection. To the best of my recollection, no.

Mr. HALLEY. Didn't you appear on the premises of the Eatsum Food Products almost immediately after that partnership was formed?

Mr. LAWN. The premises of the Eatsum Food Products was in 19 Rector Street where they occupied certain offices, and I certainly had an office in that same building. But I had an office there as part of my employment in American Brands.

Mr. HALLEY. American Brands wasn't even formed in January of 1946. What was your connection with Eatsum during 1945?

Mr. LAWN. May I reiterate, Mr. Halley, I had no connection with Eatsum in 1945, any time whatsoever.

Mr. HALLEY. What was your occupation from the time you left the United States Attorney's office until January of 1946?

Mr. LAWN. I was attempting to do three things almost simultaneously. One, I was attempting to establish and create an export-import business. At the same time, I became an owner in American Agar, which was the research corporation that actually was interested in and did develop a new form of sugar extraction.

Mr. HALLEY. American Agar Corp. was a subsidiary of American Brands?

Mr. LAWN. That is right, whose particular function was the research end of it.

Mr. HALLEY. American Brands wasn't formed until 1946. You recall we talked last week, and you told me that during 1945 you worked with Giglio and his people. Isn't that right?

Mr. LAWN. Yes. I am answering you truthfully.

Mr. HALLEY. You must have worked with Eatsum.

Mr. LAWN. I never worked with Eatsum. Why must I have worked for Eatsum?

Mr. HALLEY. There was no American Brands until January.

Mr. LAWN. Why does it follow, then, that therefore I worked for Eatsum?

Mr. HALLEY. Who did you work for?

Mr. LAWN. I am telling you for whom I worked.

Mr. HALLEY. Did you work for Tavern Fruit Juice?

Mr. LAWN. It may very well be it was Tavern Fruit Juice, that was the predecessor of, not Eatsum, but American Brands, that I was working for. To be accurate on that—and certainly I want to be accurate and certainly I want to be helpful—maybe you can refresh my recollection, you having the books and records. This I say, and say emphatically, and over and over again: I never worked for Eatsum. I had nothing to do with Eatsum.

Mr. HALLEY. Tavern Fruit Juice is the company that sold the jelly; is that right?

Mr. LAWN. Yes.

Mr. HALLEY. That is the company of which Lubben was no part; is that right?

Mr. LAWN. Lubben was no part; that is right.

Mr. HALLEY. That is the company that had Giglio and Livorsi as the copartners; is that right?

Mr. LAWN. That is right.

Mr. HALLEY. It was Tavern Fruit Juice that you went to work for?

Mr. LAWN. You ask the question in such a manner that I cannot adequately answer it. May I answer the question and tell you precisely what I did?

Mr. HALLEY. Most certainly.

Mr. LAWN. Thank you, sir.

When I was relieved of my duties at my request from the office of the United States attorneyship in New Jersey and before I had decided precisely what I would do in the way of reopening law offices, I wanted to set up and create a business that I felt I could organize and I felt that I could staff and I felt then that I could have operate itself while I then went back in the law business. That was the business of exporting and importing. In the course of my analyzing, exploring, and attempting to get products for that business, I met one Bill Giglio. I was introduced to Bill Giglio through the office of a very reputable and a very enviable law firm in New York. I wanted then to get Bill Giglio's jellies and jams as part of the products in the export-import business as soon as that could become feasible. That led to further discussions about the export-import business between us, and ultimately Bill Giglio and myself decided that we would go into the export and import business. At the same time we explored the scientific possibilities of investigating the additional sources for sugar, and that led to the concept that we would set up a laboratory and adequately staff that laboratory to investigate the possibility of determining whether there were additional sources of sugar that economically could be usable.

Bill Giglio said that—

When I can formally set up that sort of company, you then in return for actually managing the business development of the scientific staff there can own part of it. In the meantime while you are developing that and while you are developing an export-import business I will see to it that you learn a living—

provided that I would work in the office of the company that then was in existence, which I believe was the Tavern partnership.

That company will pay you a salary. At the same time that company, when additional sources are available to it, will enlarge and expand its end products—

Mr. HALLEY. While you are there what time is this?

Mr. LAWN. Please. This had to be in 1945. This had to be in the early summer of 1945.

Mr. HALLEY. Thank you.

Mr. LAWN (continuing):

When we have those additional products and go into additional lines, you will then work out a market analysis of what end products you want to go into and actually oversee that entire operation.

Those are the three parallel functions that I was developing, and I received a salary, first I am sure from the Tavern partnership and then when that became a corporation known as American Brands, then from American Brands.

Mr. HALLEY. You had a lot of other companies, did you not? You had Lawn International.

Mr. LAWN. Yes, that was the export-import company that we were attempting to develop and the one you just heard testimony on that Harry Pfeffer with myself was attempting to develop.

Mr. HALLEY. You had International Tank Corp.

Mr. LAWN. That is much later.

Mr. HALLEY. What was that for?

Mr. LAWN. That is after the moneys that were spent in the research unit of American Agar and lost, and as a result I have now no bread and butter. We then organized a company that was reclaiming oil

from oil sludge. That is International Tank. That too hasn't earned anything to speak of.

Mr. HALLEY. Did International Tank borrow any money from various people?

Mr. LAWN. Yes, I think it did.

Mr. HALLEY. Who were the Duplex Pump Co.?

Mr. LAWN. They were the original patent holder from whom we bought patents for the sludge pump that reclaimed oil from oil waste.

Mr. HALLEY. Do you know a man named Max Schwartz?

Mr. LAWN. Max Schwartz?

Mr. HALLEY. In Washington.

Mr. LAWN. No, I don't know any Max Schwartz.

Mr. HALLEY. Did you ever hear of a man named Rail Schwartz?

Mr. LAWN. I heard of a man named Rail Schwartz.

Mr. HALLEY. Who is he?

Mr. LAWN. Rail Schwartz was one of the stockholders of Duplex Pump Co. Duplex Pump Co. being the company that owned the patent of the pump, the Duplex pump that we purchased, that International Tank purchased.

Mr. HALLEY. Is that the same Rail Schwartz who was arrested for gambling here in Washington about 2 years ago?

Mr. LAWN. I haven't any idea.

Mr. HALLEY. You don't know one way or the other?

Mr. LAWN. No. The president of Duplex Jet Pump is a very highly reputable patent attorney, a venerable old man in Washington by the name of Ernest Mecklin. The stockholders include him, the Rail Schwartz, Sigmund Schwartz, who was, I understand, the actual inventor of the pump, and I think another company in New York called Eastern Tank.

Mr. HALLEY. Can you explain why Rail Schwartz would have in his possession at all at the time of his arrest two notes, one in the amount of \$25,000 and one in the amount of \$10,000, drawn by International Tank Service and payable to Duplex Jet Pump?

Mr. LAWN. I wonder whether we can straighten out two parts of your question, sir.

Mr. HALLEY. Surely.

Mr. LAWN. Frankly, I am a little irked by it. You say at the time he was arrested he had in his possession A and B. I know nothing about the arrest of this so-called Rail Schwartz.

Mr. HALLEY. A Rail Schwartz—it may be a different one, who was arrested in 1948. In his possession were found two notes. That is how I know about the notes.

Mr. LAWN. Who made the notes?

Mr. HALLEY. They bear the signatures of Howard M. Lawn and William Giglio.

Mr. LAWN. Tell me who made the notes.

Mr. HALLEY. International Tank Service.

Mr. LAWN. Precisely. That is part of the purchase price that International Tank paid for the patent, and where it was that the office of Duplex turned the notes over to one of the stockholders is something that Duplex can tell you. I haven't any idea.

Mr. HALLEY. You know that such notes were made?



Mr. LAWN. Of course they were made. I tell you they were part of the purchase price for the patents.

Mr. HALLEY. What other companies did you have? What was American Agar?

Mr. LAWN. American Agar was the company that developed something that has been neglected in this entire hearing. American Agar is the company that developed a new method of extracting sugar from something that is a waste product and something, gentlemen, that ought to be important to this committee. Bill Giglio, when he testified here on the stand, underestimated the activities of that company. American Agar had on its staff some of the most reputable, scintillatingly brilliant scientists in the United States. American Agar had among other things a research laboratory in Bernardville, N. J., staffed with some of the brainiest scientific men in this country. Their task was to discover a new source of sugar that economically could be used. Ultimately they accomplished nine-tenths of that problem. Then when all the moneys were spent in American Agar and there wasn't any additional moneys to put into it, and the companies went into receivership, that experimentation went on alone on a catch-as-catch-can basis, and the missing one-tenth of the experiment was achieved. That formula exists today, gentlemen. That new method of making sugar exists today. The father and the mother of that formula was American Agar.

Mr. HALLEY. Can you add anything to the testimony of Mr. Pfeffer about the circumstances under which he was employed by American Brands?

Mr. LAWN. It is very simple. Harry Pfeffer is an attorney. I am an attorney. I had met Harry Pfeffer somewhere in and around the courts. I knew that Harry Pfeffer was in OPA. Indeed, on one occasion there was a matter that for the first time it is recalled to me now in part that I, representing a man in New Jersey, had a discussion with Harry Pfeffer on precisely what had to be his status in a price-ceiling product. I knew nothing of the details of it because I couldn't understand what the product was actually. The man had another lawyer. He gave me a considerable amount of trouble in the sense that he was unreliable. He showed up or he didn't show up. Finally, I just abandoned the situation, although I do think, and on this my recollection is hazy, that finally, when the matter was actually determined by OPA through Harry Pfeffer, the man then turned over the proper check, as Harry testified to.

That was my only official contact with Harry Pfeffer while he was in OPA. Parallel to that is this situation: American Brands in and about the summer of 1946 was now investigating the possibility of going into what it always wanted to, other items and to package them on the consumer level, to go into a soft drink, for example, to go into table sirups, for example, to go into ice cream, and so forth. I set out to organize a unit to handle that distributing basis on the consumer level. tA one time I was approached by Harry as to whether or not he couldn't get a job in this organization that he thought was an up and coming organization. I felt that he had the qualifications to handle such a unit that was going to hire many men. I discussed it with Bill Giglio, and Bill Giglio said that it seems as though he is the

proper person. As a result, we made him an offer, but we made him an offer conditional upon certain things, and it is in writing. I think he has it with him, Senator. That is this: (1) His task would have nothing whatsoever to do with OPA in any of its functions; (2) that there never was anything in any of the corporations that Bill Giglio had anything to do with that Harry Pfeffer in anywise handled; and (3) only if this decision to come with us was the result of his desire to leave OPA and to go into private business.

At that time OPA had a dead line in the statutes when it was to terminate, and everybody felt that its life would never be renewed again. So Harry Pfeffer made that decision and he came. He came in February, Senator, of 1947, by which time the mammoth appetite of the research corporation, American Agar, was using up most of the money that was being poured into it, and that progress for American Brands to go into consumer packaging could never get launched. So what Harry actually did was work in hoping to develop International with me.

The CHAIRMAN. Mr. Lawn, then you went with American Brands in 1945. What was your position with American Brands?

Mr. LAWN. I was an accommodation officer.

The CHAIRMAN. Did you buy stock in the company?

Mr. LAWN. No. Actually stock was in my name, endorsed simultaneously in blank and turned over to Mr. Giglio.

The CHAIRMAN. You mean just one share, something like that?

Mr. LAWN. I think it was  $33\frac{1}{3}$  percent, sir. The only company in which I held a beneficial and actual ownership was in American Agar, the research company, sir.

The CHAIRMAN. The American Brands you held a one-third interest in which you endorsed back to Mr. Giglio, is that correct?

Mr. LAWN. Yes.

The CHAIRMAN. Did you receive any dividend from your stock?

Mr. LAWN. No. I received a salary.

The CHAIRMAN. What was your salary?

Mr. LAWN. I think it was \$300 or \$350 a week, and the records are available to determine that accurately.

The CHAIRMAN. At the same time you also got a salary from the Tavern Fruit Juice Co.?

Mr. LAWN. Not at the same time. They were successors. They were not simultaneous companies.

The CHAIRMAN. Which other of these companies did you get a salary from during that time?

Mr. LAWN. I got a salary, as I said, from American Brands.

The CHAIRMAN. American Brands.

Mr. LAWN. Yes.

The CHAIRMAN. You do not think you got a salary from Tavern Fruit Juice Co. at that time or any payment from it?

Mr. LAWN. I got a salary or a payment, I think, from American Fruit Juice when that was in existence. My recollection is that—

The CHAIRMAN. What did you do for American Fruit Juice that you got a salary from them? Were you one of the partners in it?

Mr. LAWN. Absolutely not.

The CHAIRMAN. Or stockholder?

Mr. LAWN. If you are conscious, Senator, of what you said, you said American Fruit Juice. Are you asking me about American Brands?

The CHAIRMAN. I meant Tavern Fruit Juice.

Mr. LAWN. No; I had nothing whatsoever to do with it.

The CHAIRMAN. You did not receive money from them?

Mr. LAWN. Yes; and I did tell you that. I was doing the planning even at that time for this juice company to go into a merchandising field and do the general office work, for which I received my salary and at the same time I had to go forward and do the business development in American Agar. That I had to do, not for direct compensation, but because in American Agar I was a one-third owner.

The CHAIRMAN. Do you know how many thousand dollars of money was drawn out in cash?

Mr. LAWN. I haven't any knowledge of that at all, sir. I had nothing to do with it. I had no control over it. I had no knowledge of it.

The CHAIRMAN. It was a pretty substantial amount, though, was it not, Mr. Lawn?

Mr. LAWN. I would like to say this. I don't feel that the proper weight has been given for the explanation to that. Actually this is what was going on. There wasn't one person traveling, sir. There was an entourage. There was an actual small army of engineers going out into the field exploring and testing and working on these various companies. What wasn't covered in this are other forms of experiments that were going on that the men were going to. They were out in Cincinnati, out at the Institutum Divi Thomae with Dr. Sperti, one of the great scientists of all times there working on a substitute for sugar. They were down in Florida studying the seaweed proposition down there in order to extract agar as a substitute from the normal source. There was actually, you see, considerable movement of chemists and engineers and scientists of all kinds.

The CHAIRMAN. Mr. Lawn, aside from the money spent on this research and development, the company did do \$3,000,000 worth of business in 1946. Was that business profitable?

Mr. LAWN. Are you talking now of American Brands?

The CHAIRMAN. Yes.

Mr. LAWN. Was it profitable?

The CHAIRMAN. Yes.

Mr. LAWN. I assume it was, sir. I haven't any direct knowledge.

The CHAIRMAN. If all this money hadn't been spent on this outside business, they should have gotten along all right.

Mr. LAWN. If the money had not been spent on American Agar, for research, it would be in American Brands, the company that earned it, but it was spent on American Agar, sir.

The CHAIRMAN. How did they get it out into this other company, American Agar?

Mr. LAWN. How did they get it out? I don't know that.

The CHAIRMAN. There were two different corporations, American Brands Corp. and American Agar Corp. How can one corporation spend the money of another?

Mr. LAWN. I really don't understand the import of your question. They certainly transferred the moneys. Whether or not they transferred the moneys in accordance with corporate law certainly wasn't

my function and it isn't my knowledge. They unquestionably did. I am sure the bank sequence will show it all.

The CHAIRMAN. Did Lawn International Corp. pay you a salary too?

Mr. LAWN. No, I haven't any recollection of drawing anything out of Lawn International.

The CHAIRMAN. How about International Tank Corp.?

Mr. LAWN. International Tank Corp.—I received some moneys from International, but actually it is an inconsequential amount. I don't think in all its existence I drew a total of \$5,000. I am interested in developing a new plant, a new heparin plant. I am making plans for that, and I am working in addition as a lawyer in Newark.

The CHAIRMAN. Are you still associated with Mr. Giglio?

Mr. LAWN. No, I have no active interest with Mr. Giglio except that I own some stock in a company in which Mr. Giglio is interested.

The CHAIRMAN. Is Heparin the company?

Mr. LAWN. Of which he is the general manager.

The CHAIRMAN. That is all.

Mr. LAWN. Thank you, sir.

The CHAIRMAN. I think we have about two or three other witnesses whom we haven't had a chance to hear. I believe one is Mr. Stone. Is there anything you would like to say, Mr. Stone? I would like to call you later on when the committee can have an opportunity to hear you. I doubt if we can let you testify at length tonight unless you wanted to clarify some matter.

Mr. STONE. There are two or three points in the testimony.

The CHAIRMAN. All right, Mr. Stone, if you will come around. Do you solemnly swear the testimony you are about to give the committee will be the whole truth and nothing but the truth, so help you God?

Mr. STONE. I do. My name is Ronald Stone, 7 Bock Avenue, Newark, N. J.

The CHAIRMAN. I wanted to ask Mr. Lawn, did you get in touch with Major Ryan? Do you know how he got connected with any of these companies?

Mr. LAWN. I don't know Major Ryan.

#### TESTIMONY OF RONALD STONE, NEWARK, N. J.

The CHAIRMAN. Maybe Mr. Stone can tell us.

Mr. STONE. I have no knowledge of his whereabouts.

The CHAIRMAN. I mean about his employment. Can you tell us about that?

Mr. STONE. I wouldn't know that.

The CHAIRMAN. What was it you wanted to testify about?

Mr. STONE. Mr. Lubben testified this morning that he gave to me \$10,000 to turn over to one Goldberg, an attorney of East Orange, for the purpose of obtaining a sugar quota. It appears that I met Mr. Lubben several days prior to this alleged transaction. Mr. Lubben gave me, not \$10,000, but \$1,000 in the presence of Mr. Goldberg, to whom I turned over the \$1,000. It was not \$10,000, but \$1,000.

The CHAIRMAN. What was that money for?

Mr. STONE. That was the money that Mr. Lubben alleges he gave to me for Mr. Goldberg to obtain for Mr. Lubben a sugar quota.

The CHAIRMAN. How was Mr. Goldberg going to get the quota?

Mr. STONE. Mr. Goldberg is an attorney.

The CHAIRMAN. You turned it over to him in Mr. Lubben's presence?

Mr. STONE. Yes, sir. Mr. Lubben also testified that prior to his formation of the partnership with Mr. Giglio, he had no sugar quota. That is not true because on or about February 1945 Mr. Lubben acquired a sugar quota of a little candy factory originally out in Newark, N. J., known as the M. & A. Candy Co. I was instrumental in the purchase of that candy company. In fact, that was the basis of the construction and erection of the Eatsum Candy Co. in the Bronx.

Also Mr. Lubben testified, continuing his testimony about not having any sugar quota. It is matter of record with OPA that Mr. Lubben acquired a wholesale sugar permit to deal in sugar which was also obtained prior to his formation of the partnership with Mr. Giglio.

The CHAIRMAN. Did Mr. Lubben send you out to try to get somebody interested in putting some money in the Eatsum Food Products?

Mr. STONE. To get someone to put money in it?

The CHAIRMAN. Yes.

Mr. STONE. No. He didn't.

The CHAIRMAN. You had a 16 $\frac{2}{3}$ -percent interest in the business?

Mr. STONE. I did, sir.

The CHAIRMAN. Your share of the profits, I believe, was \$68,000, but you did not get that much, did you?

Mr. STONE. That is correct, sir.

The CHAIRMAN. How much did you get?

Mr. STONE. I received \$250 a week for the time that I was there.

The CHAIRMAN. What happened to the rest of the \$68,000?

Mr. STONE. I don't know. I never got it.

The CHAIRMAN. Were you there when the contents of the box were divided up?

Mr. STONE. I was there when part of the money was supposed to be in the box. I wasn't there when there was any division of it.

The CHAIRMAN. So you did not get your \$68,000?

Mr. STONE. No, sir. I got nothing other than \$250 a week.

The CHAIRMAN. You got \$10,000, did you not?

Mr. STONE. That was my money.

The CHAIRMAN. That was the money you put in originally?

Mr. STONE. Correct, sir.

Mr. HALLEY. Did you make any effort to collect the \$68,000?

Mr. STONE. I did. I spoke to Mr. Lubben about it.

Mr. HALLEY. Did you speak to somebody about making a connection with Longie Zwillman to get the money for you?

Mr. STONE. I spoke to somebody, having in mind that I wanted to get my \$68,000, but then this person dissuaded me from proceeding, saying that "You didn't consult with me before you entered into the proposition. Therefore there is no need of even discussing it at this time." So I forgot about it.

Mr. HALLEY. Why did you think Zwillman could get the money for you?

Mr. STONE. I felt Mr. Zwillman knows a lot of people in all walks of life, and perhaps through some mutual friends he might have arranged an appointment for me to sit down and discuss this matter.

The CHAIRMAN. Discuss the matter with whom?

Mr. STONE. With Mr. Lubben or any of his partners.

Mr. HALLEY. Do you remember Mr. Elich saying to you:

What made you think Mr. Zwillman might be able to get you your money?  
and your saying:

I was told that Giglio and Livorsi had pretty good connections with the other types of people.

Question:

What do you mean by these other types of people? Do you mean gangsters?

Your answer:

That is right; that was their reputation. We didn't know it until we were into it.

Mr. STONE. I don't recall that, sir.

Mr. HALLEY. Would you deny having said that in my presence?

Mr. STONE. I might not deny it but it doesn't appear to me that that is what I had in mind.

Mr. HALLEY. Would you like to read it?

Mr. STONE. No; you read it to me. That will be sufficient.

Mr. HALLEY. I just did.

Mr. STONE. If that is what I testified at that time, that is not correct.

Mr. HALLEY. Didn't you also testify that you were threatened not to talk?

Mr. STONE. That is right, but not by anyone affiliated with this matter.

Mr. HALLEY. Who threatened you?

Mr. STONE. Someone in connection with another matter.

Mr. HALLEY. Who threatened you? Who told you not to talk?

Mr. STONE. I don't know the name of the persons, as I told you. They were two persons. I did not know their names.

Mr. HALLEY. What matter were they talking to you about?

Mr. STONE. It was a matter on which I had my liquor store about 2 years ago.

Mr. HALLEY. I am afraid that the witness isn't testifying now as he did when he talked to Mr. Elich and me. I am going to read you some more questions and answers:

ELICH. Did you ever make a comment to anybody that you would be fearful of your life if you furnished any information to any governmental agency regarding Eatsum Food Products?

Answer by Mr. Stone:

I did make the statement I was fearful of an attack, but not of my life, but from what source I don't know.

ELICH. What made you make a statement of that kind?

STONE. Because I was told to keep quiet about everything and anything.

ELICH. Who were you fearful of?

STONE. I don't know. I remember two men coming into my store—I had a liquor store at this time.

Question :

When was this?

Answer :

This would have been—let's see. I don't recall. It had to be around 1948. That is when I had my store.

Question :

Who came into your store?

Answer :

There were two men came in. They looked to me like purchasers of a bottle or so. "Is your name Ronald Stone?" I said "Yes." "Just remember that anything you know you had better keep quiet and keep that in mind." I don't know from what source.

Question :

Were they men that you had never seen before?

STONE. It appeared to me that I might have seen—I don't know where.

Is that what you told us?

Mr. STONE. Do you recall, Mr. Halley, I believe you were the one who questioned me, I don't know how some of these questions appeared different now than they did at that time. I said one of those persons looked familiar to me. I didn't know the other one. I had never seen him.

Mr. HALLEY. We were talking about the Eatsum case, not any other case.

Mr. STONE. You weren't talking particularly about the Eatsum case, Mr. Halley.

Mr. HALLEY. We thought you were.

You have been sitting with Mr. Giglio all day, have you not?

Mr. STONE. I have been with Mr. Giglio for quite some time.

Mr. HALLEY. Were you at the little meeting Mr. Giglio and Mr. Livorsi and their friends had after the subpoenas of this committee were served?

Mr. STONE. Yes, sir.

Mr. HALLEY. I have no other questions of Mr. Stone.

The CHAIRMAN. What took place at that little meeting? That is what I want to know.

Mr. STONE. We discussed how we each fitted into the picture. In other words, what would my testimony be, what would the next fellow's testimony be. Is there any contradiction, which is only likely because it is now 5 years since this matter came up.

The CHAIRMAN. You all got together to see that your testimony jibed, in other words?

Mr. STONE. Not necessarily, sir.

The CHAIRMAN. Another thing I do not understand. You knew Mr. Lubben very well, did you not?

Mr. STONE. I knew him very well; yes, sir.

The CHAIRMAN. You thought he was the man who owed you the \$68,000 or do you think Mr. Giglio owes it?

Mr. STONE. Somebody owed it to me. I could only look for it to Mr. Lubben.

The CHAIRMAN. You wouldn't have any trouble talking with Mr. Lubben or Mr. Giglio either one, would you?

Mr. STONE. At that time, Senator, I couldn't even——

The CHAIRMAN. You did not need any introduction to them. You knew both of them.

Mr. STONE. I knew Mr. Giglio very slightly.

The CHAIRMAN. You knew him when you saw him. You knew where their offices were, did you not?

Mr. STONE. Oh, yes. In fact, I was there.

The CHAIRMAN. Why did you think you needed to get Mr. Zwillman or somebody to get you an introduction or to get the money?

Mr. STONE. It wasn't a question of an introduction, Senator. It was a question of trying to see whether I could get that \$68,000.

The CHAIRMAN. You mean get somebody to put the pressure on them to deliver the money to you?

Mr. STONE. Not the pressure. I wanted somebody to sit down in a conference and see if I am entitled to that money.

The CHAIRMAN. How did you happen to pick on him?

Mr. STONE. Because I knew him.

Mr. HALLEY. You mean you personally knew Mr. Zwillman?

Mr. STONE. Not personally; no.

The CHAIRMAN. Who put you in touch with him?

Mr. STONE. The person to whom I spoke about it dissuaded me from proceeding with it, a fellow by the name of Stein.

Mr. HALLEY. What is his first name?

Mr. STONE. Joseph Stein.

Mr. HALLEY. What does he do?

Mr. STONE. I believe he is a taxicab driver in New York.

The CHAIRMAN. Is there anything else you want to say, Mr. Stone?

Mr. STONE. No, sir.

The CHAIRMAN. All right, that is all.

I don't believe we have had Mr. Hausman. Mr. Hausman, do you want to make any statement?

Mr. HAUSMAN. I have nothing to add to what has been said before, unless the committee has anything to ask me.

The CHAIRMAN. You work for Mr. Roth, I believe. You kept the books in the office.

Mr. HAUSMAN. That is correct, sir.

The CHAIRMAN. You saw the money in the box?

Mr. HAUSMAN. That is correct.

The CHAIRMAN. Was that \$140,000, by the way?

Mr. HAUSMAN. My offhand recollection, if I may explain the circumstances of that to the committee.

The CHAIRMAN. Will you come up front, please. Do you solemnly swear the testimony you will give the committee is the whole truth and nothing but the truth, so help you God?

Mr. HAUSMAN. I do.

#### TESTIMONY OF ARTHUR HAUSMAN, BRONX, N. Y.

The CHAIRMAN. Tell us about it right quickly, Mr. Hausman.

Mr. HAUSMAN. As I said, I was employed by Mr. Roth in the capacity of an accountant to audit the books and records of his clients at his direction. As he stated, there was an intensive examination of the books and records of Eatsum Products Co. as it was operated



by Mr. Lubben prior to the time the partnership went into effect. After the partnership went into effect I was engaged to go down to the Eatsum offices to examine the records after the examination had been made for the month by Mr. Beren who was their regularly employed accountant. At one time Mr. Roth asked me to go down to the office, that Mr. Loperfido was having difficulty straightening out his cash records, to assist him in so doing.

The CHAIRMAN. You mean he couldn't count money good?

Mr. HAUSMAN. He could count good but he couldn't make it jibe with the invoices and things of that nature. I went down to the office in pursuance of those instructions, and with Mr. Loperfido made a count of the cash and attempted to reconcile the cash on hand with what should have been on hand according to the records.

The CHAIRMAN. Did you know about all this money being handled and passed out under the table and sent out to farmers and elevator operators and what-not?

Mr. HAUSMAN. At the time I made that examination and that count, Mr. Loperfido told me that there were expenditures of cash for the purchase of grain and other items which he enumerated and which possibly he may or may not have explained.

The CHAIRMAN. Where was the money box kept?

Mr. HAUSMAN. At the offices of the company at 19 Rector Street.

The CHAIRMAN. Was it kept back of the bar in Mr. Giglio's office?

Mr. HAUSMAN. I don't recall.

The CHAIRMAN. Did you count how much money was in the box?

Mr. HAUSMAN. I believe Mr. Loperfido counted it.

The CHAIRMAN. Did you see how much it was?

Mr. HAUSMAN. My best recollection is that the total fund at that time was about \$250,000 less expenditures that had been made for whatever purpose.

The CHAIRMAN. \$250,000 was in the box?

Mr. HAUSMAN. That is correct.

The CHAIRMAN. Some of it was obligated?

Mr. HAUSMAN. Let me correct that. It may not have been that \$250,000 was actually in the box at the time. There was \$250,000, let us say, to be accounted for.

Mr. HALLEY. You kept a record of this cash: is that right? So you would know how much there was?

Mr. HAUSMAN. Yes.

Mr. HALLEY. You did that with Mr. Roth's permission?

Mr. HAUSMAN. Yes.

Mr. HALLEY. Didn't he go over your records?

Mr. HAUSMAN. Including the records of cash; yes.

The CHAIRMAN. Who paid your salary?

Mr. HAUSMAN. Mr. Roth.

The CHAIRMAN. The cash payment all amounted to about \$410,000; is that right?

Mr. HAUSMAN. I understand that that was the amount of it. I don't know of my knowledge that that was the exact total. My understanding was that there may have been some in excess of that that were anticipated.

The CHAIRMAN. I believe that is all.

Mr. HAUSMAN. Thank you.

The CHAIRMAN. Mr. Betancourt, you are here. Do you have anything you want to add?

Do you solemnly swear the testimony you will give the committee will be the whole truth, and nothing but the truth, so help you God, Mr. Betancourt?

Mr. BETANCOURT. I do.

### TESTIMONY OF MARIO BETANCOURT, NEW YORK, N. Y.

Mr. HALLEY. Mr. Betancourt, you are in the food broker business, are you not?

Mr. BETANCOURT. Yes; commodity dealer.

Mr. HALLEY. What is your full name, for the record?

Mr. BETANCOURT. Mario Betancourt.

Mr. HALLEY. What is your business, and where is it located?

Mr. BETANCOURT. 91 Wall Street, Commodity Trading Co.

Mr. HALLEY. Did you hear the testimony of Mr. Michael Cohen about the manner in which the corn sirup of Eatsum Products Co. was disposed of?

Mr. BETANCOURT. Yes.

Mr. HALLEY. Was that accurate?

Mr. BETANCOURT. I beg your pardon?

Mr. HALLEY. Was his testimony correct? He testified, if I may paraphrase it—let me ask you this: You bought certain corn sirup from Michael Cohen: is that right?

Mr. BETANCOURT. Yes, sir.

Mr. HALLEY. You bought certain quantities directly from Eatsum, is that right?

Mr. BETANCOURT. Not directly, never directly.

Mr. HALLEY. At least, the records seem to show certain transactions.

Mr. BETANCOURT. Mike Cohen, who I have known for about 25 years, came to my office about March of 1945, and he told me he had left Iger and was in business for himself; will I buy glucose from him, as I was buying from other jobbers in New York. Of course, I told him I would be glad to, and that is how I started buying glucose, always from Mike Cohen.

Mr. HALLEY. You paid a certain amount in check for what was the fixed price?

Mr. BETANCOURT. That is right. He requested me that half should be by check, half by cash. So when that matter came up, I decided to make two checks, one for the amount in his name, and the other one for cash, the same amount, so I would draw the cash from the bank and have the two checks together to complete the transaction, for future reference.

Mr. HALLEY. So your actual records show the full price paid?

Mr. BETANCOURT. That is right, the full amount paid.

Mr. HALLEY. At the time you began doing this business with Michael Cohen, did Cohen suggest an accountant for you?

Mr. BETANCOURT. Yes. He indicated that he knew an accountant, a Mr. Roth. I didn't give any thought to the matter. I figured Mr. Roth was just one accountant in business. I said, "It doesn't matter to me; all right. I will take Mr. Roth."

He took me up to his office, and introduced me to Mr. Roth; and Mr. Roth was going to be my accountant. I said it didn't matter to me. I had another one, but I might as well use Mr. Roth.

That is how it comes about that I have Mr. Roth as an accountant.

Mr. HALLEY. Mr. Roth drew up your income tax return for 1945?

Mr. BETANCOURT. He did in 1945; yes.

Mr. HALLEY. Did you sign the income tax form in blank for Mr. Roth?

Mr. BETANCOURT. In blank. He delayed the filing of the income tax so long that I kept asking him, and also Mike Cohen. He was always telling me he had extensions, not to worry about it.

So late in the year, about September or October, he called me to his office and had me sign a blank statement, which I did. I never heard any more about it until I got a report from Washington of the penalty, because he hadn't obtained the extensions and other things; that it would amount to \$62,000.

Mr. HALLEY. Did he take all your books and records for 1945?

Mr. BETANCOURT. Yes, he did. He took it all to his office.

Mr. HALLEY. Did he ever return what he took?

Mr. BETANCOURT. He returned in 1946, but——

Mr. HALLEY. He did not return 1945?

Mr. BETANCOURT. He never did.

Mr. HALLEY. He had an assistant named Starr working in your office?

Mr. BETANCOURT. That is right. He used to send this Starr to the office to work there all the time on the books.

Mr. HALLEY. On one occasion when Starr had your income tax material in 1945 nearly completed, did Mr. Roth come to your office?

Mr. BETANCOURT. That is right. It was the day that they were having all the work finished for the 1945 income tax. Roth came over there and wasn't satisfied with the way this Starr had made it.

Mr. HALLEY. What was wrong, according to Mr. Roth?

Mr. BETANCOURT. I had asked Mr. Starr previously what was going to be my income tax. After all, I was anxious to know. He said, "You have an income of about \$25,000."

When Roth came in he said that was wrong and told Starr to do it all over in a different way, and took all the books to his office, and that is how it happened.

Mr. HALLEY. Wasn't the precise point Mr. Roth made that you should not get credit for those cash payments?

Mr. BETANCOURT. I don't know. Mr. Roth was telling Starr what to do. He never explained to me completely what was in his mind.

Mr. HALLEY. Didn't the precise issue have to do with whether or not the second check which you had made out, yourself, to cash, would be credited?

Mr. BETANCOURT. You see, whenever I made those cash payments, I made a pretty good record on the stub what they were for, what the particular transaction referred to, and so forth. It was a complete record for future reference.

Mr. HALLEY. Did Mr. Roth ever make out an income tax for a man named Pedro Sanchez?

Mr. BETANCOURT. Yes, he did.

Mr. HALLEY. Who was Sanchez?

Mr. BETANCOURT. A son-in-law of mine.

Mr. HALLEY. Where was Sanchez?

Mr. BETANCOURT. In Mexico. I had sent him there. He was buying coconuts and shredding it down there and sending it here to this country. We were importing the shredded coconut.

Mr. HALLEY. Was a lot of expense attributed to Sanchez in that report?

Mr. BETANCOURT. The fellow had down there a lot of Mexicans working, you know, shredding the coconuts. I told Roth about it. So he put it in there as labor, expense, and so forth.

Mr. HALLEY. That was to cover some of the money you had sent to Eatsum; is that right?

Mr. BETANCOURT. No; I had sent the man \$30,000, as a matter of fact, to buy all those coconuts. What he did it for, I don't know. Roth was, anyhow, at that time, a little arbitrary and set in his mind. For that year, I was in his hands. He was doing all the work and I had to depend on him for 1945.

Mr. HALLEY. Let me read the statement you made to me last week. You said:

So Roth walked in when all the work was all done (by Starr).

Then you said:

He looks at what they call the yellow sheets, the working papers, and raised hell because Starr has given me credit for what I paid for the glucose either in checks or cash.

Is that right?

Mr. BETANCOURT. That is what it amounts to. That is what happened.

Mr. HALLEY. You should have gotten credit for what you paid?

Mr. BETANCOURT. Surely, I should have gotten credit for the cash that I paid, especially when I have all the records on it.

Mr. HALLEY. That was cash, of course, what you paid over to Cohen?

Mr. BETANCOURT. To Cohen, yes.

Mr. HALLEY. And which Cohen paid over to Eatsum?

Mr. BETANCOURT. That is something, if Cohen did it or didn't do it. I wouldn't know.

Mr. HALLEY. Were you ever told by Starr that Frank Costello had anything to do with the Eatsum Co.?

Mr. BETANCOURT. No. What happened was that I was really intrigued as to how Cohen could get so much glucose in those days, when you couldn't get glucose from the refiner for love or money.

Mr. HALLEY. By Cohen or Eatsum?

Mr. BETANCOURT. Indirectly, Eatsum, because Cohen was getting it from Eatsum. I couldn't understand how they could get so much. We were going to lunch. We were taking Starr to lunch in the taxi, and I asked Starr how it comes that Eatsum could get so much glucose. So Starr told me, he said, "Costello."

I really didn't know at first what he meant. I said, "Who do you mean? What Costello?" He said, "Frank Costello." So I said to him, "You don't mean Frank Costello?" He said, "Yes; Frank Costello."

Mr. HALLEY. At a later time, Starr told you he hadn't been telling you the truth; is that right?

MR. BETANCOURT. Yes; Starr told me he was told not to say those things; the next time Starr talked to me. I tell you why, because I thought it was my duty to tell Cohen about it so he would know; and I did tell it. Most likely Cohen would have told Roth, and Roth told Starr not to use people's names loosely. So Starr was upset.

I told Starr, "You told me that, and I told Cohen. That is all I did." He said, "Well, Roth said I shouldn't use people's names like that."

MR. HALLEY. In fact, Cohen told you Starr was a liar; is that right?

MR. BETANCOURT. Yes; Cohen told me—when I asked what about it—Cohen said Starr was a liar.

MR. HALLEY. I have no other questions.

THE CHAIRMAN. What did you do with this glucose after you got it?

MR. BETANCOURT. I sold it all over the country.

THE CHAIRMAN. You got your 1-cent profit?

MR. BETANCOURT. About 1-cent profit; yes, sir.

I would like to make a statement now.

THE CHAIRMAN. Yes; go ahead.

MR. BETANCOURT. Cohen made the statement here that Roth settled a case in the OPA for \$500. That isn't the fact. What happened was this: I did give Roth \$500 as a retainer when he started working for me as an accountant, but later on the OPA was having a case against me which I went up there and I told them they didn't have no case whatsoever. The fact is that they didn't have the case up to the month that it would have expired under the statute of limitations. That month was November. They served me with the papers. Then Roth recommended to me a lawyer by the name of Milton Fox, who is a very reputable lawyer. I checked him up. I went over to Mr. Fox and he asked me for a retainer of \$250, which I paid by check, of course.

Fox answered the case. The OPA wanted to settle, like they used to settle cases. Mr. Fox told me, he said, "Nothing doing. We are going to win."

All right, the OPA kept that case against me in the court for about 2 years. During those 2 years I paid another \$250 to Mr. Fox, altogether \$500. And finally, the OPA withdrew the case against me, and the records are in the Southern District of New York.

It is a matter of court record. There was no settlement, no money paid to nobody.

MR. HALLEY. Aside from that case, is it a fact that in the course of the period that Mr. Roth was your accountant, you paid him something over \$10,000?

MR. BETANCOURT. Mr. Roth used to keep asking for money all the time, once in a while asking for money. I must have given him over \$10,000. That is also in the records.

MR. HALLEY. Didn't you have certain problems, three or four problems with the OPA, which you took up with Mr. Roth, which he did take up with OPA for you?

MR. BETANCOURT. Well, as somebody here said before, in the OPA they used to have all kinds of people there to plead cases, not only lawyers, but accountants and public relations, somebody mentioned

here, and that was a fact. Mr. Roth really was, I will say, a busy-body. I did have cases. For instance, I will mention two. One was a man in Pittsburgh who bought two carloads of glucose from me, and when I shipped it, of course, it was made in this country, domestic glucose. He claimed he wanted imported. Why? Because I sold it to him through a broker in Pittsburgh who used to sell coconut from me, and he thought that glucose was also imported like the coconut. The man said, "I want imported glucose." I said where am I going to get it?" He took the matter up with the OPA. I said, "Where is the imported glucose? It is made in this country. That was one of the cases.

Mr. HALLEY. In any event, Mr. Roth kept asking for money, is that right?

Mr. BETANCOURT. Yes.

Mr. HALLEY. He kept asking for money?

Mr. BETANCOURT. Oh, yes, he kept busy all the time, and every time I asked him for any trouble, to send money. That is how it comes.

Mr. HALLEY. Among the thing he handled for you were certain OPA matters that came up?

Mr. BETANCOURT. I beg your pardon?

Mr. HALLEY. Among the things he did for you was to handle certain OPA matters that came up?

Mr. BETANCOURT. He would go over there and explain that I was really on my rights to bill the way I was doing it, that I was billing everybody the full amount, and I was getting paid the full amount in check by everybody.

Mr. HALLEY. Thank you, Mr. Betancourt.

The CHAIRMAN. That is all.

Anybody else?

That ends this particular hearing. The committee felt that at this particular time, when we have another war emergency facing us and when Congress is considering at least granting the President the right to put in stand-by controls, allocations, fixing prices, although perhaps to a lesser extent than we had in World War II, that a case of this sort was of some importance to present, in the first place to the Members of Congress who are considering these bills, to know something about the ways that at least certain of the rationing and price-control provisions of OPA were taken advantage of so that the public eventually had to pay the bill; and secondly, with loose money around in the hands of people who are looking for quick profits, the way in which they attempt to violate the law and do violate the law in matters of this sort, so that the public and the Government must be on the lookout if we are going to go through a period of this kind again.

Here we have a situation wherein there were practices in violation of the law of the United States, the OPA law, rations and supplies were obtained under the table; where, in a period of 9 or 10 months, a tremendous amount of money was made by people who hadn't made very much money before, and it worked out in some way or another so that, after making the money, they did not pay the United States Government its share due as a result of the tax.

The committee does not feel it is justified in condemning everybody who had any connection with these transactions. Undoubtedly some good people participated, some honorable people, but the whole picture

is a very sordid one. Of course, this sort of thing undoubtedly happened in many, many other instances throughout the country.

The committee has some evidences that in view of the rising prices, there is some racketeering money that is again being used for the purpose of robbing the public, pushing prices up, and hoarding certain scarce articles. The committee is going to keep a close lookout for that sort of thing, and to the extent that we can, we will join others in exposing it. The staff of the committee is on the lookout for that kind of thing.

We have also been in touch with interested people and enforcement officers in other parts of the country, to let us know any facts concerning current transactions that we should bring out to the public.

I am sorry that we have kept all of you so long, but we were very anxious to finish this today.

The committee is in recess until further call.

(Whereupon, at 8 p. m., the committee recessed, subject to call.)

×

C







BOSTON PUBLIC LIBRARY



3 9999 06351 614 8



